

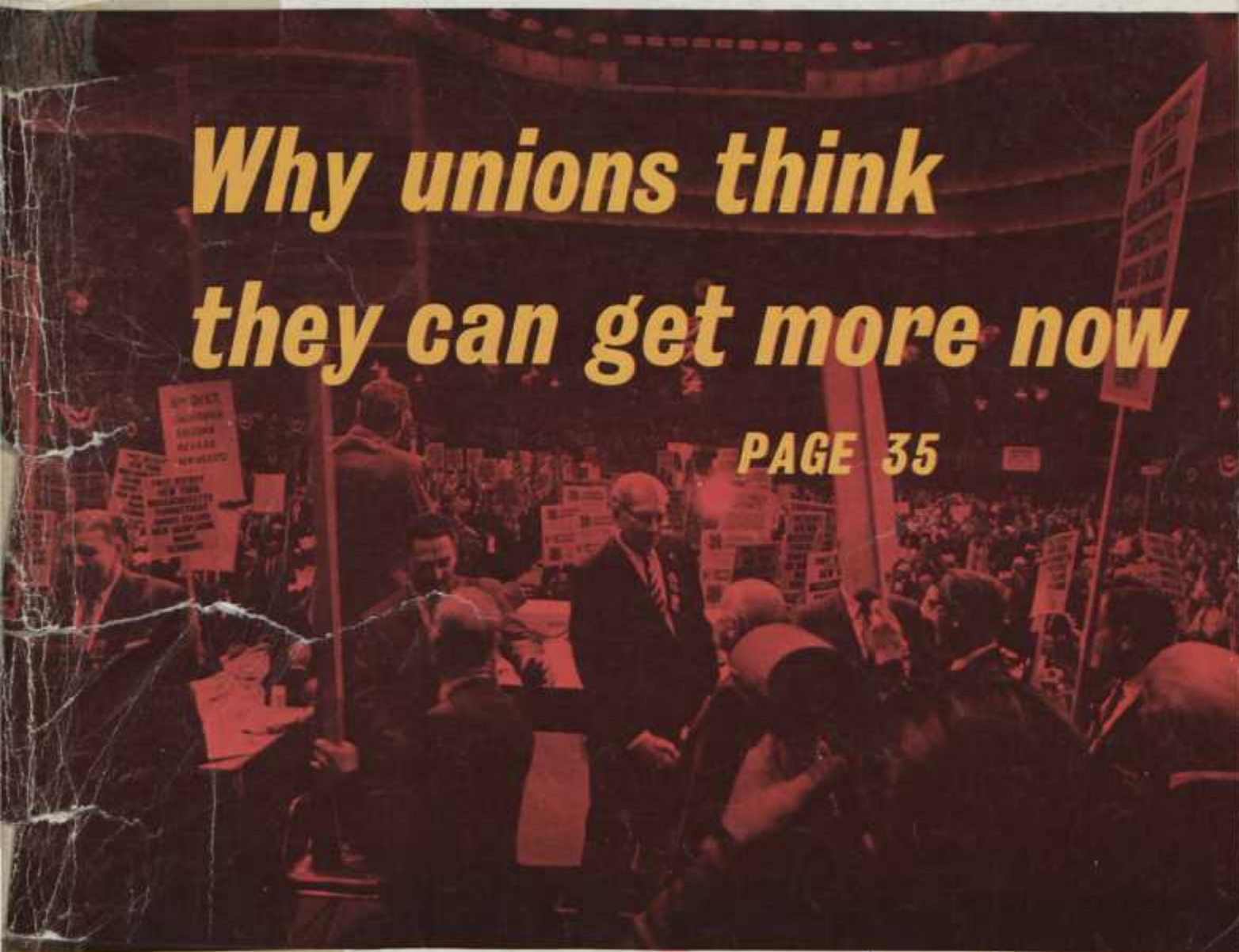
Nation's Business

A USEFUL LOOK AHEAD

FEBRUARY 1967

Why unions think they can get more now

PAGE 35



Index Copy

Who's really running new Congress
Washington hides truth in lending
How to live a fuller life



Restaurant floor: Kentile's new solid vinyl tile—Moda Moresca. Individual 12" x 12" tiles permit quick, easy installation. Easy to maintain. Greaseproof. Colors: 5. Your Kentile® Dealer? See the Yellow Pages under "Floors"—or your architect, builder, or interior designer.

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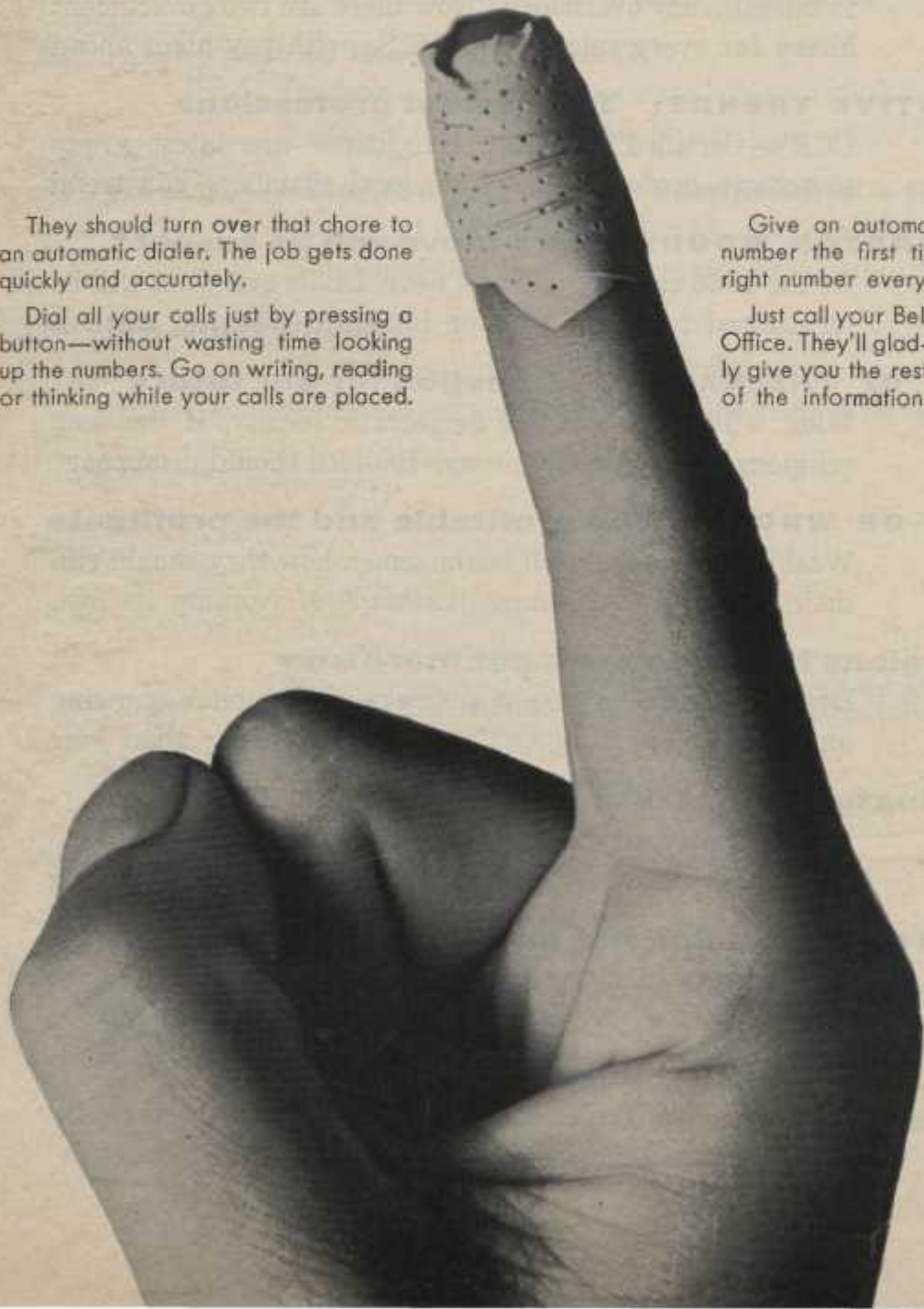
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Nation's Business

February 1967 Vol. 55 No. 2

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The national federation of organizations representing
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Washington, D.C.

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Editor
Jack Wooldridge

Managing Editor
Tait Trussell

Associate Editors
Jeffrey S. O'Neill
Walter Wingo
John Costello
Robert W. Ireland
Vernon Louviere
Sterling G. Slappey
Wilbur Martin

Contributing Columnists
Felix Morley
Peter Lisagor
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Art Director
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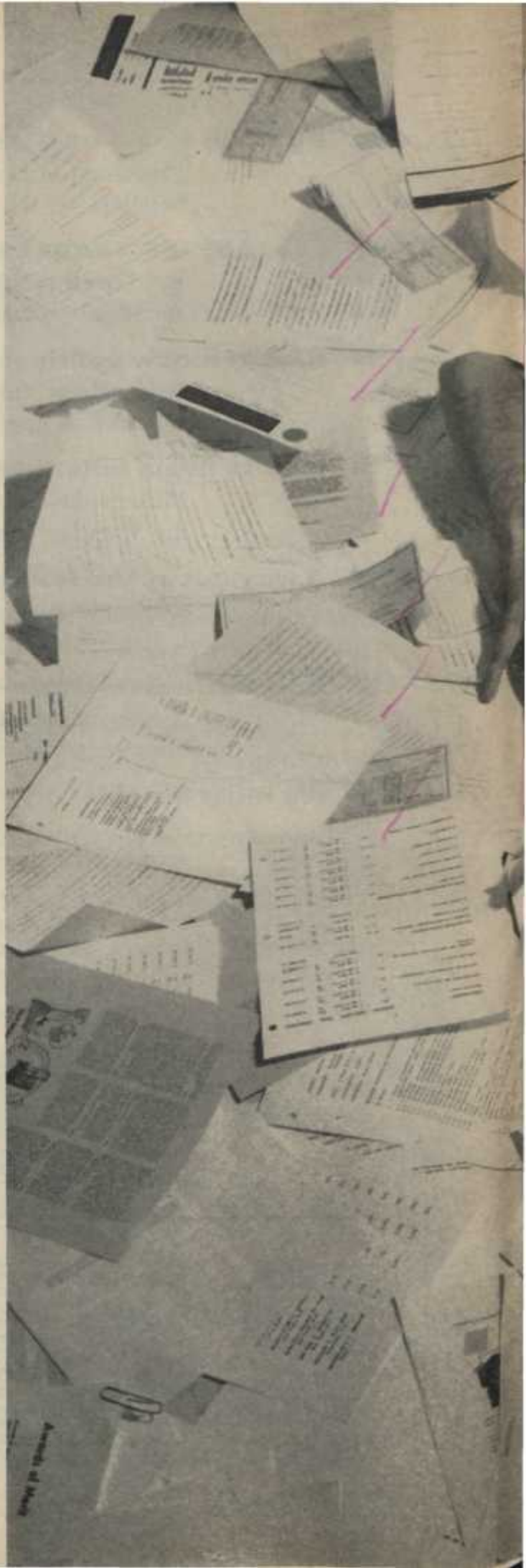
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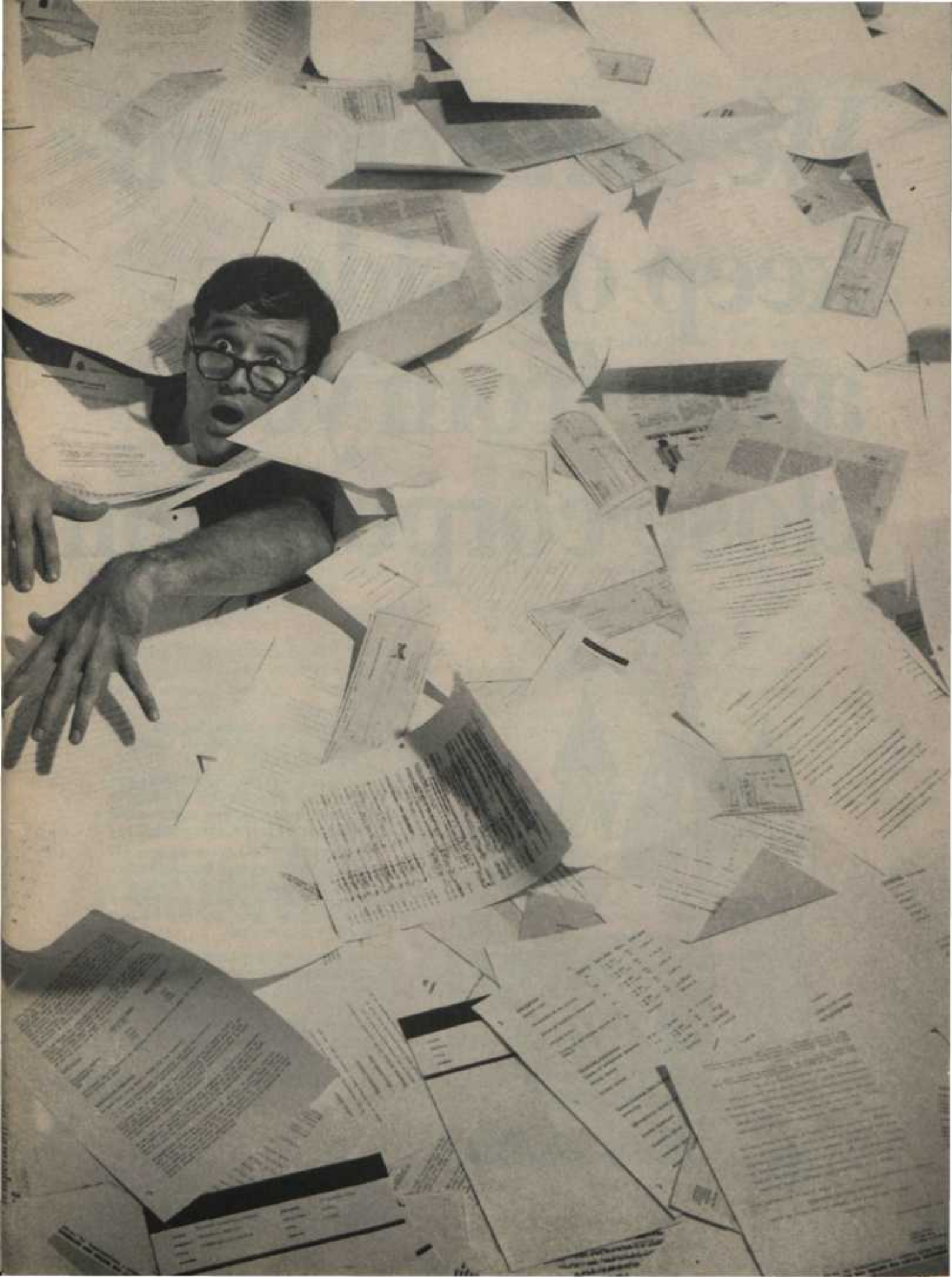
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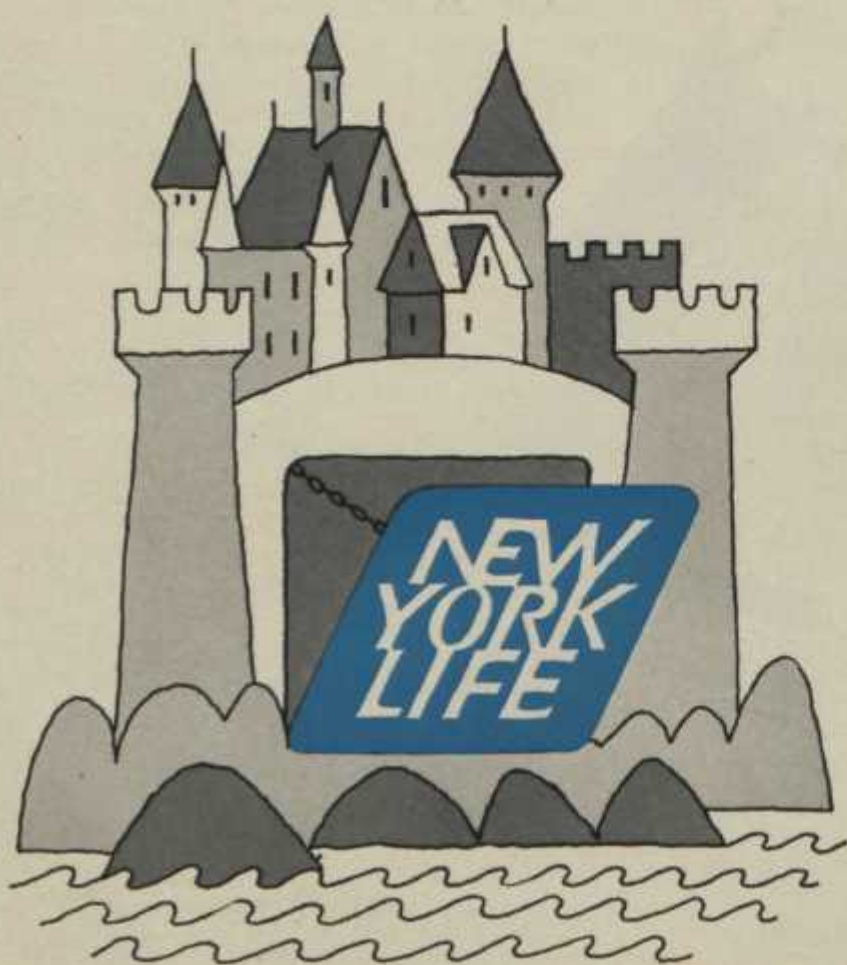
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WASHINGTON: A LOOK AHEAD

The high cost of bureaucracy.

It's little noted, shuffled off as inevitable by the top policy-makers in government. But just look at what's happening:

Today one out of seven people working is on a government payroll. The cost to us taxpayers—\$60 billion a year. That's more than the U.S.A. was laying out for national defense until this year.

Now in America there are two government employees for every salesman; five for every farmer; 10 times as many as all doctors, dentists and nurses together.

The Post Office Department alone has more employees than the largest private corporate job-maker—General Motors Corp.

So, you know government is overblown. So what?

Proliferating bureaucracy affects you in several ways. In a tight manpower market, government competes with you, no matter where you live. California, for instance, has almost as many federal employees as Washington, D.C.

And the aim of officials now is to get pay as high as that of private industry. In lower skilled, lower management jobs it's already roughly comparable. And some fringe benefits, not to mention job security, are better than for private industry.

Little-known fact is that U. S. Civil Service Commission has authority to hire badly needed professionals anywhere within classification grades.

You as a taxpayer foot the bill for swelling bureaucracy. Government unions will seek wage hikes of five to eight per cent in '67. This would be on top of last year's \$620 million pay raise for civilian federal employees.

Best guess is that Congress this year will ante up at least four or five per cent pay raise, despite war and all other heavy expenses.

New laws proposed mean still more people on payroll.

Of the roughly \$60 billion a year paid to government employees (federal, state and local) nearly \$20 billion is for the 2.7 million federal civilian workers.

You can't knock the dedication and brain-power of many civil servants. Some high-powered talent toils at \$25,890 (top grade) and under, when they could make two or three times that on the outside.

But you do wonder why even the government goof-offs and goof-ups can rake in the pay. Examples:

Since '62 postal employees have gotten raises averaging 25 per cent. A good chunk more than other federal workers. Promotions have lifted salaries of some postal people by 40 per cent.

Federal poverty office employees average better than \$10,000, with some lieutenants in the poverty war making more than generals fighting the real war in Viet Nam.

Government employment—federal, state, and local—is rising at about 50,000 per month. That's a quicker pace than the employment increase in any industry, even "growth" industries.

State and local government employment is rising fastest. But federal employment—which LBJ repeatedly swears he will cut—keeps climbing too.

A few years ago, some Congressman facetiously offered an amendment to legislation to limit the number of employees in U. S. Agriculture Department so they don't exceed number of farmers in the U. S. It almost got through before somebody realized the gig.

Post Office bureaucracy was scored recently when U. S. Comptroller General said the P.O. Department was providing too much expensive space in its new buildings.

The Department provides offices as large as

WASHINGTON: A LOOK AHEAD

500 square feet for postmasters. How does that compare with your office?

The Post Office had the nerve to retort that "a large office is necessary to impress visitors . . . with the importance and dignity of the postmaster's position."

Holding back on luxury a bit can save millions. A few piddling restraints lately on pompous living prove savings can be made.

General Services Administration, Washington's housekeeper agency, recently restricted use of \$300 wooden desks to federal executives in top pay brackets. Middle management public servants will have to skimp with \$200 wooden desks. Saving: \$3 million a year.

Of course one big reason for bloating bureaucracy is rash of new federal programs. The last Congress alone produced 21 new health programs, 17 new educational programs, 15 new economic development programs, 12 new urban programs, four new manpower training programs.

Now we've got 170 different federal aid programs financed by 400 appropriations and run by 21 departments and agencies.

Related to rise in bureaucracy is new Washington ploy to let all levels of government swap employees.

One aim would be to let federal officials get some feel for how things are at layers closest to people.

Another aim is to let state and city employees learn more about federal programs, more and more of which they're helping administer.

Interchange could be good training. Danger is if civil service standards are imposed that clamp uniform rules on all employees at all sections of government. Few citizens want local officials they elect to toe the line on Washington-set rules.

Fact is, 200 metropolitan areas of the country may be in for a bigger dose of big brotherism come July.

Under new Demonstration Cities Act local decisions on federal aid programs could be reviewed by Washington.

In effect if Washington or a regional planning body doesn't like your town's plans, you could lose out on federal dough.

Labor law reform is still a possibility in the current Ninetieth Congress, though labor committees are heavily pronoun.

Reform could be molded in special joint committee, as proposed by Michigan's Sen. Griffin. Objective: cures for industry-wide bargaining as well as emergency strikes and lockouts.

Another possibility: Old McClellan rackets committee could probe problem of public-bet damned strikes that have outraged people.

Unions will be more on defensive, at any rate. Congressional conservative-liberal makeup tells part of the story.

House of Representatives now has 171 to 196 "conservatives," 180 to 206 "liberals," 59 to 62 who swing either way. Since 218 votes is a majority, conservatives and handful of moderates could tip balance toward more conservative voting.

Internal Revenue Service is studying a new way to pick income tax returns it wants to double check.

They've got a mathematical formula that gives weight to key characteristics of a tax return. It's being worked out to slip into the computers so the most suspect returns will be audited most often.

Starting this month, the number of student jobs in college libraries and cafeterias will be cut into by increased costs brought on by new provisions of Fair Labor Standards Act. The law extends coverage of the minimum wage laws over these popular student jobs.

Irony, isn't it, when Uncle Sam is spending so much supposedly to help put kids through college?

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Why the mail can't get through

To the Editor:

I listened with interest to the moans of the postal inspector about present day mail problems as reported in "Washington: A Look Ahead" [December].

What is wrong with the Post Office Department today, and has been for a long time, is that it has become thoroughly jaundiced by an ever-increasing flow of political bile. And it is going to remain a very sick cat until someone comes along with enough guts to do something about it.

You cannot preach the virtues of the merit system, and then make personnel promotions purely on the basis of political expediency, without seriously rupturing, if not destroying, employee morale.

Most postmasters would like to honor the precepts of the merit system but, when the chips are down, they find they must do the Senator's or Congressman's will or else.

This on *sub rosa* instruction from the Post Office Department itself.

Not all Senators or Congressmen become involved in the internal affairs of every post office within their constituency. But far too many do.

Politics are at the roots of poor and costly production, mail pileups, delays and general employee lassitude.

Unless the condition is given some serious consideration soon, it will get worse rather than better.

JOHN B. DEMOTT
Orono, Maine

Salvation of many firms

To the Editor:

Your series, "What to Do When the Union Knocks," has brought to many tremendous enlightenment about the way unions undermine organizations and concepts previously felt to be untouchable by top management.

In our particular area, unionization has been of minor consequence. Now the threat of a knock on the door looms larger on every establishment's horizon. Dissemination of pertinent information,

such as yours, may well be the saving grace of many firms.

DOUGLAS L. DRACKETT
Director of Services
Southern Furniture Manufacturers' Assn.
High Point, N. C.

Way ahead of us

To the Editor:

"Why Bureaucrats Can't Run a Business" [October] was an interesting article. Certainly it detailed the shortcomings, problems and failures of nationalization of British railways. But it did not devote equal space to the accomplishments and great improvements which have been made.

Certainly in the field of passenger service, Great Britain, and the Continental railroads are far, far ahead of the United States. Each year sees better and faster passenger trains all over the world—except in the United States, where each year brings fewer and slower trains.

On British railways the aim and policy seems to be to attract more and more passengers, including wooing them away from the airlines.

By contrast, the situation in the United States is typified by a comment made by one top railroad executive: "We don't want to improve that service; we want to get rid of it."

Whether railroads are run by private enterprise or by bureaucrats, the acid test—at least from the standpoint of the public—is the

quantity and quality of the service provided.

THOMAS T. TABER
Chairman, The Board of Public
Transportation of Morris County
Morristown, N. J.

Right on Yugoslavia

To the Editor:

I really enjoyed the article on Yugoslavia ["When It's Your Own Money," November], which just happens to be one of my most favorite countries. You have analyzed it 1,000 per cent correctly. I couldn't agree with you more.

JAYNE B. SPAIN
President
Alvey-Ferguson Operations
Littton Industries
Cincinnati, Ohio

"A truly great guy"

To the Editor:

The article on George Love ["Lessons of Leadership: Uniting for Strength," January] is very interesting. I agree heartily with you that Mr. Love is a truly great guy.

ARNOLD PALMER
President
Arnold Palmer Enterprises Inc.
Youngstown, Pa.

Snitched a crystal-ball

To the Editor:

As I told Mr. Buchwald, [Art Buchwald's "Fearless Forecast for 1967," January] now I know who "snitched" my crystal ball, although from his "forecast" I assume there are a few tiny cracks in it!

Mr. Buchwald has mastered a very difficult science! I hope you will publish him again next year.

JEANE L. DIXON
Washington, D. C.

When you've nothing to say

To the Editor:

Re your Executive Trends item about ghost-writers [December]: The prudent businessman will get a good ghostwritten speech only if

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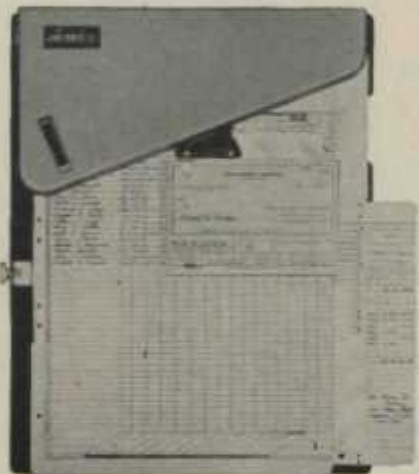
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Business opinion:

the writer makes a sincere effort to determine the client's ideas and personality and blends the two for a custom-made effect.

If the client has nothing worthwhile to say, he should be advised to decline the speaking invitation. A glib speech, full of hastily researched ideas, will sound just like that to the audience.

HAROLD KNOLL
Public Relations Counsel
Winona, Minn.

Not the answer

To the Editor:

"Traffic Safety Made Simple" [November] is 100 per cent right in spirit but 90 per cent wrong in fact. The key point is that symbols (European or not) are useful only for certain types of information. They are not useful for directional signs as on the Washington Beltway.

In fact, traffic engineers in Europe and Great Britain are adopting U. S.-style signs for this type of message.

Most highway information, not already symbolized, is more completely, efficiently and safely presented in words.

SLADE HULBERT
Research Advisor
National Joint Committee on
Uniform Traffic Control Devices
Department of Engineering, UCLA
Los Angeles, Calif.

Boosts U. S.-Belgian ties

To the Editor:

I read with great interest "Where U. S. Industry Booms Abroad" [December] and I would like to express my deep appreciation for this valuable contribution to the good business relations between our countries, particularly in the field of U. S. investment in Belgium.

A. DE WINTER
Minister of Foreign Economic Affairs
Brussels, Belgium

Luckman on Halas

To the Editor:

Your article on George Halas ["Quarterbacking a New Industry," December] was just great. Best wishes for you and your wonderful magazine.

SID LUCKMAN
Chicago, Ill.

Colorado well covered

To the Editor:

May I compliment you on the excellent article, "Where Business and Labor Work for Reform," concerning Colorado's local government reform [December].

JOHN G. MACKIE
State Representative
Longmont, Colo.

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- CCE's in limelight
- Local Chambers join trend

CCE's join the pros

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They're just a few of today's expanding professions.

- CPA's, of course, are Certified Public Accountants.
- CAE's are Chartered Association Executives — qualified professional managers of voluntary trade and professional associations.
- PRSAA's are accredited members of the Public Relations Society of America—so designated by a board of their peers.
- And CCE's are Certified Chamber Executives.

It's a growing trend—more and more professional status for skilled executives and managers.

The reason for it is this—the better to serve you in your own Chamber of Commerce and your trade association.

Of all these groups, the CCE's are perhaps the most exclusive.

Last April, 16 veteran Chamber of Commerce managers won that distinction. That made a total of 66 who have met the exacting standards laid down by the American Chamber of Commerce Executives.

What it takes to be a CCE

Lots of hard work—as well as training and theory. Here's a partial list of the hurdles a candidate must clear to earn his CCE:

- An Institute for Organization

Management course that takes six years to complete.

- A record of successful full-time work as a Chamber of Commerce executive or staff employee.
- A full array of management skills, evidenced by special awards and citations, for example.
- A history of community leadership and service in at least four separate organizations, such as United Fund, board membership, church trustee.
- High personal goals as an executive, and as a person.
- Finally acceptance by a Certification Panel of the American Chamber of Commerce Executives (ACCE).

What makes them professionals

It was the ACCE which began the certification program in 1965. That October, the first 34 were accepted.

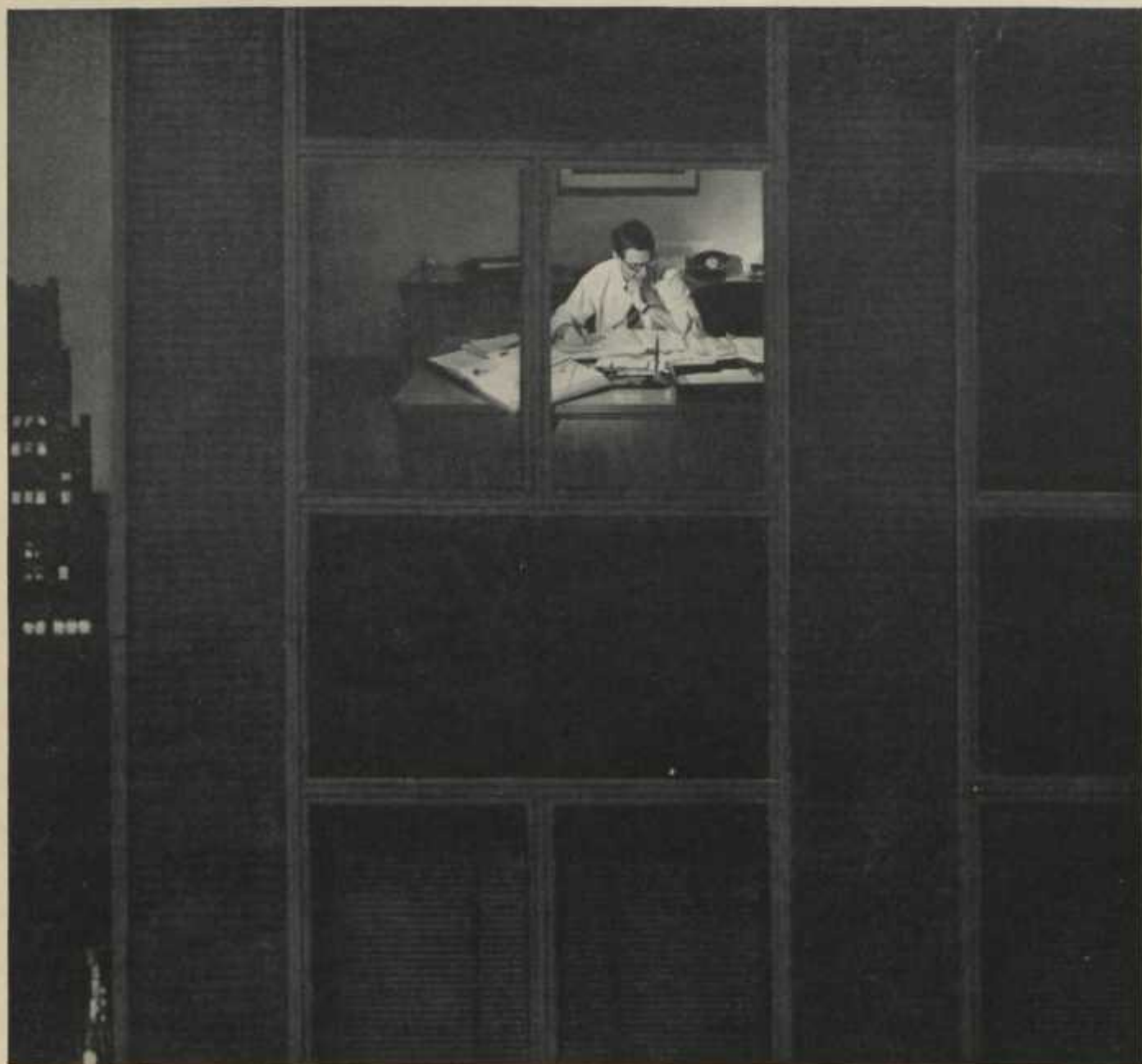
"It was like getting a Ph.D.," one recalls.

ACCE is a 53-year-old organization whose goal is the advancement of chamber of commerce management. It's 2,500 members are all present—or former—chamber of commerce personnel at the executive level.

"We try to make chamber managing a profession," an ACCE spokesman says. "And we try to make chamber executives more and more skilled members of that profession."

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EXECUTIVE TRENDS

continued

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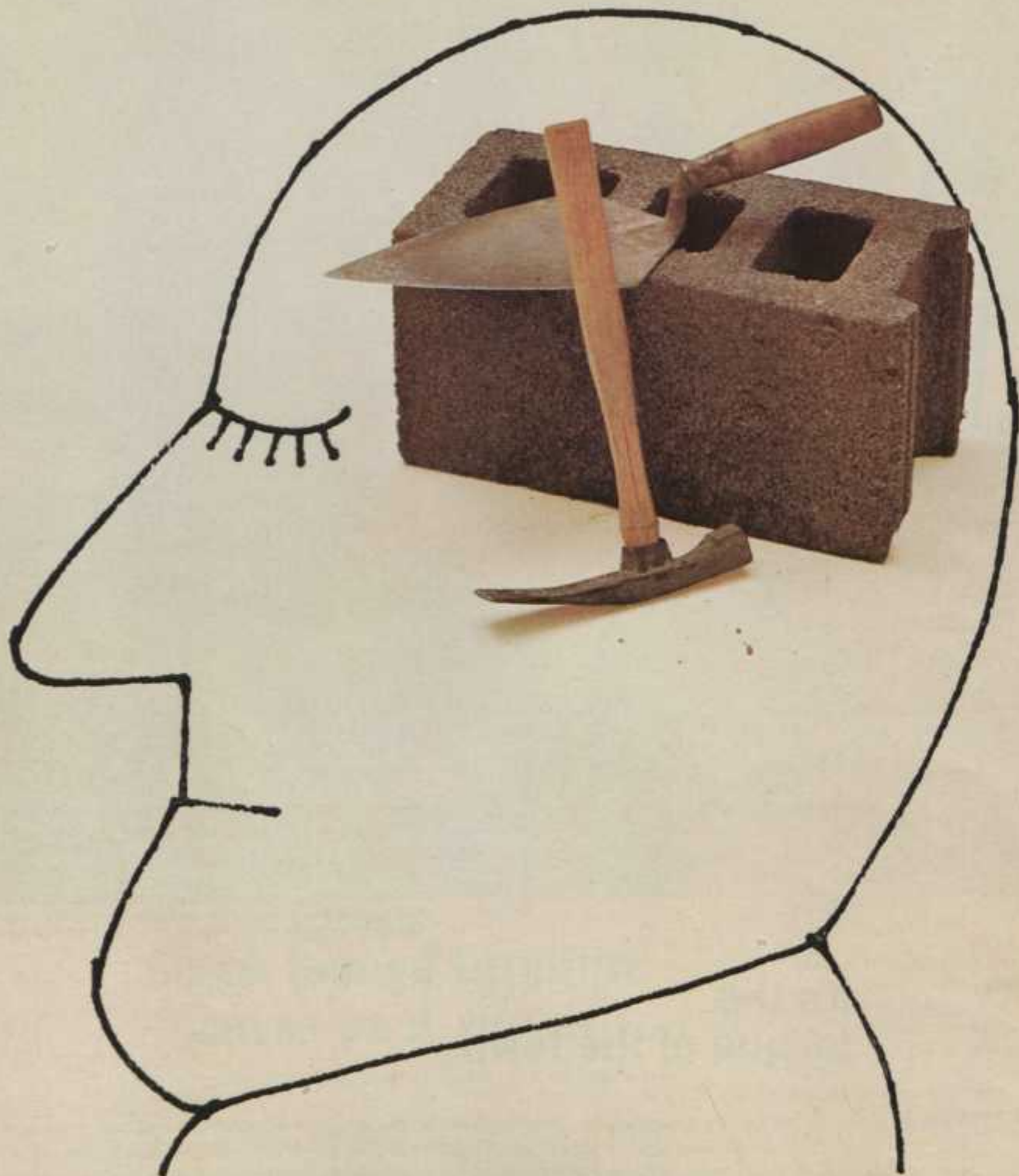
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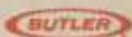
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EXECUTIVE TRENDS

Continued

probably be three times as many accredited chambers by 1971 as there are now," this spokesman adds.

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President's every move will be suspect

BY PETER LISAGOR

President Johnson is now moving, in a political sense, through enemy country, subject to booby traps, ambush, and sundry other stratagems calculated to diminish his prospects for re-election in November, 1968.

This is the inescapable outlook for any President once he gets past the mid-term elections. Henceforth, anything he does will be construed in terms of his own political fortunes. This will be no novel experience for him; in the game of politics, Lyndon B. Johnson is a man of all seasons; and there are those who believe, somewhat uncharitably, that he is animated in all things by the sole consideration of politics.

The 1968 Presidential campaign began when the Ninetieth Congress convened in January, and from the standpoint of the White House, Mr. Johnson's agenda is as weighty, difficult and tricky as any in recent history.

• • •

He has a stubborn and costly war on his hands, which overshadows everything else and severely limits his freedom of maneuver on the domestic front. In strict economic terms, it is a manageable struggle, but only the most calloused man would take so narrow a view of a conflict in which American lives are being lost on a battlefield 10,000 miles distant. For a political leader, Viet Nam is an albatross of formidable proportions, a burden that is likely to grow in weight and complexity as the 1968 election campaign approaches.

It is the judgment of many political forecasters that the President cannot afford to go into that campaign without some decisive change in the course of the war. Yet none is willing to predict with any confidence how he will play it, for Mr. Johnson takes an almost sadistic pleasure in confounding the prophets.

It would be an erratic reading of his character to guess either way: That he will intensify the war to the point of risking intervention by the Chinese Com-

munists and possibly the Russians, or that he will offer irresistible concessions to the enemy in order to liquidate the American commitment as soon as possible. The latter course entails a political risk as intolerable as a wider war.



In point of fact, the President is at the mercy of events. A war cannot be turned on and off to suit the demands of politics at home. If Mr. Johnson continues to apply U. S. power with a cool restraint, and no major break occurs between now and the election, he is certain to face a serious problem of public frustration and despair. The only solace available to him is that his Republican opponent in 1968 will be confronted with the same awful choices.

In 1952 Gen. Dwight D. Eisenhower could say with the authority of an esteemed military leader that "I shall go to Korea" and enjoy some political profit from the promise of an expedited truce. It must be remembered that when Ike made that campaign assertion, negotiations were already under way in Korea. In any case, though, there are no Eisenhowers on the G.O.P. horizon today, and the pollsters' cur-

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

TRENDS: WASHINGTON MOOD

rent choice of a Johnson opponent two years hence, Michigan's Gov. George Romney, declines to be categorical or facile about solutions for Viet Nam.

• • •

While Viet Nam is presently the predominant issue, Washington is agitated by other concerns—the course of the civil rights struggle, the future of federal-state relations, the plight of the big cities, the fate of the anti-poverty campaign, the cost of defense, the behavior of the economy, the funding of such favorite Great Society programs as the teachers corps and rent supplement. They portend inevitable battles for the President, who is said to have recognized that the Republican gains in the 1966 Congressional elections mirrored a public desire to go slow on his domestic designs.

Some liberal supporters of the Great Society dispute this appraisal. They even go so far as to claim that many of the newly elected Republicans in Congress, especially those from the big city districts, will be as gung-ho for the urban-oriented programs, which include practically the whole range of Administration proposals, as their Democratic predecessors. In a word, these new legislators will reject the notion that the cost of the war justifies retrenchment at home, or so the liberals blithely predict.

Not surprisingly, the President has gained impressive intellectual support for maintaining a full head of steam on the domestic front from a former Special Assistant for National Security Affairs, McGeorge Bundy. As the president of the Ford Foundation, Mr. Bundy must have a decent respect for a buck. As a Republican, he understands the outer limits of opposition politics. Yet, in a recent article, Mr. Bundy asserted that to delay the great tasks at home because of Viet Nam is "absurd."

He wrote that it is "an act of folly for any true liberal to argue that we must choose between Viet Nam and social progress. The truth is the opposite. Americans who believe in the further development of the great new departures in education and health, in the battle for better cities and most of all in the cause of really equal opportunity—those, in short, who care for social progress—should not strengthen the hands of their opponents by accepting the notion that we must choose between persistence in Viet Nam and full budgetary support for a strong domestic program of action." However persuasive Bundy's arguments may be, he doesn't have to run for public office and therefore can afford to be more magnanimous than his former boss, who must add what the bureaucrats call the "political input" in weighing any decision.

By all accounts, the President isn't going to tilt against windmills in the new Congress. He has an acute sense for sniffing out trouble ahead, and he dislikes head-on collisions. He may have anticipated the outcome of last November's elections when he told a group of foreign newsmen who traveled with him on his Asian trip that the bulk of his Great Society had been harvested and was, in effect, in the

silos. He appeared to accept the idea that the first session of the Ninetieth Congress would be busy at the task of constructive legislative oversight, which means going over laws and programs to repair their defects. Senate Democratic Leader Mike Mansfield has called upon committee chairmen to do just that.

The political route ahead for Mr. Johnson is dotted with warning signs. A group of Democratic governors have warned that he has moved too fast with his programs, and in a startlingly rebellious moment, spoke openly of his growing unpopularity. Their disenchantment led one to say that unless things improved, the Democrats conceivably might scout around for another candidate in 1968.

Most politicians agree that Lyndon B. Johnson is most unlikely to remove himself as a candidate for re-election. Occasionally he likes to grumble about the burdens of the job. Not long ago, while speaking of the Presidential library to be established on the University of Texas campus, he looked out into the middle distance as if contemplating the thought that it might be more rewarding to retire, sooner than later, and take up a teaching post there. At least some observers jumped to the conclusion that the thought crossed his mind.

Few take these moments of self-pity seriously, for rarely has a man so enjoyed the uses of power or relished his office as much as Mr. Johnson. Yet he is complicated enough and unpredictable enough to surprise even those who profess to understand him best.

• • •

If he chooses to hold back on the domestic side, he certainly won't spend his time thumb-twiddling in the White House. Already he is scheduled to attend a summit conference of Latin American heads of government in April, and he has announced his intention to visit West Germany and possibly other European capitals later in the year. Foreign travel always has been regarded as good politics for a President; the more they're on the go in this troubled world, the more they seem to be on top of their job. It may be an illusion, but it's great for the image. Even the Presidential aspirants must show a reasonable familiarity with the foreign scene. Gov. Romney has Viet Nam on his itinerary, and reports are that he plans to make his way to Africa as well this year. Former Vice President Richard M. Nixon, who journeyed abroad extensively when he was in office, has not lost the habit and can now claim an expertise in several cultures. Other possible G.O.P. nominees in 1968 undoubtedly will be scanning travel folders in the coming months, just in case.

Because the President tends to measure his performance by his relations with Congress, where he spent so many comfortable years, he is expected to try to further the legend of his mastery of Congressional politics by doing everything to woo and win enough of the opposition to make a fair record. He prides himself on his ability to reason together, even with Republicans.

But every move he makes will be suspect, no matter how noble, idealistic, nonpartisan it may be. For the name of the game from now until November, 1968, is politics. And the stakes are the highest.



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Momentous question for our future

BY FELIX MORLEY

In February, 1946, just 21 years ago, NATION'S BUSINESS published the first of an as yet unbroken series of monthly columns by me. So the following begins my twenty-second year as a periodic commentator on "The State of the Nation." This span covers almost one-eighth of the entire life of our Republic. In other words we are still, as history is measured, a young country, with a future which should fulfill the promise of the past.

But the future, it has been said, *is* past, in the sense that what has been determines what will be. Therefore the editors suggested that I might use this occasion to review the changes that have come to America during the period of my scrutiny in this space. This, it was agreed, should not be a compilation of detail but rather an attempt to detect trends

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

PHOTO: FRED MARDON



that are determining the shape of things to come. Off-hand this seemed a good idea, requiring reflection, of course, but otherwise no great amount of laborious research. I should have realized that it is never easy to see through a glass darkly. Two variables are involved in trying to play the role of Janus, the two-faced Roman god who looked both back and forward. Any who attempt the task will quickly realize that not only outward circumstance but also internal alteration must be considered.

Nevertheless I was encouraged, in going through the files, to find that in fundamentals my own viewpoint has throughout been consistent. Midwinter of 1946 was indeed a period of disconcerting turmoil and confusion. Amid the prevalent postwar disillusion I recalled that "the reefs of history are strewn with the wreckage of republics." Immediately thereafter, however, I quoted Dr. Charles A. Beard, as the dean of American historians, who had then recently written:

"Calamities may come upon America or be brought upon the country by demagogic leadership. . . . Enough of our Republic will be kept intact to restore, rebuild and go ahead. . . . Surely, Americans will endlessly strive to carry on the values in their heritage."

Among those values it is abiding faith in the quality of the human conscience that stands first. As James Madison wrote, in "The Federalist," "we rest all our experiments [meaning the Constitution] on mankind's capacity for self-government." He was using the phrase in the broadest sense. Madison reasoned that men who can control their selfish instincts, out of a real concern for the needs of others, will need a minimum of policing. With self-government the area of external government is minimized. On that assumption was fought and won the battle for a federal republic of limited and divided powers, admittedly an "experiment" which few political scientists had ever before considered practical.

Many have wondered how it was that Americans, so prone to be "realistic" should nevertheless have launched and maintained the most idealistic form of government ever attempted on this earth. The explanation is not obscure. It was the deeply religious faith of most of the early colonists, long before the

TRENDS: STATE OF THE NATION

Revolution, that inspired them to base their society squarely on Christian principles. For Pennsylvania, said William Penn, "I purpose that which is extraordinary. . . . We put the power in the people."

In order to make it work, that democratic principle was always carefully hedged. There is very little socialism in the American tradition and slavery was recognized by the original Constitution. Even today there are those who think that the franchise should be circumscribed. Occasionally Presidents, and Governors, have acted as though the legislature were their tool and the courts their creature. Yet the ideal has remained untarnished. Always Americans have striven "to carry on the values in their heritage." Why shouldn't this continue?

• • •

Perhaps because, during the period under review, two fundamental changes have become apparent. It is increasingly argued, in the first place, that there are no absolute values; that people create their own standards and that these alter as circumstances change. It is a development sharply symbolized by the saying that "God is dead," even while every depreciating dollar bill continues to bear the assertion that "In God We Trust."

This irreligious tendency, carried so far as to eliminate prayer from the public schools, of course runs counter to the heritage that we claim to cherish. If there is no higher authority than man, then Mao Tse-tung or any other imposter may reasonably claim pre-eminence. If there are no immutable standards, then there can be no enduring principles on which to take a stand. If the limited vision of fallible officials is sacrosanct, then the very foundations of our political system have been undermined. It may seem outwardly strong, as many a tyranny before it, but the sustaining nature of its spiritual strength has gone.

The tendency to deny all permanent values is paradoxically supplemented by one that makes no sense whatever, if there are no absolutes. This second contemporary trend is an insistence on complete equality as a political and social panacea. To assert that all men are equal in either mental or physical competence is biologically absurd, for evidence to the contrary confronts us every day. But in the spiritual sense, in Jefferson's meaning that all men are *born* equal in the sight of God, there is complete validity, so long as the Creator has meaning for us.

Thus it is wholly rational for a believer to argue that character, rather than competence or complexion, is what counts. For the nonbeliever, however, there is no such over-all commitment. For him, power entails no responsibility to the Ten Commandments. Power is up for grabs and if wheeling and dealing takes it most quickly from the people, that is as fair a way as any. Religious faith, certainly, is no guaranty of ethical behavior, to which agnostics are often unswervingly loyal. But an enveloping atmosphere of disbelief strongly suggests that moral standards have become a matter of personal con-

venience and soaring crime statistics seem to confirm that inference.

There is no question that the American tradition of limited political government has a firmly religious, though nonsectarian, basis. Only when loyalty to God takes precedence over loyalty to the state is it possible to confine the spreading authority of the latter. Indeed, the story of political progress everywhere is largely written by the heroism of those who, in the test, defied their rulers for religious reasons.

• • •

"The Americans," wrote Alexis de Tocqueville 130 years ago, "combine the notions of Christianity and of liberty so intimately in their minds that it is impossible to make them conceive the one without the other."

Not even the well-disposed foreign visitor—and this type is no longer so numerous—would make that observation about us today. And it is within the past quarter-century that the idea of freedom has been completely divorced from religious faith, becoming dependent upon governmental pleasure. In the hymn "America," the punch line still refers to God as "Author of Liberty." But prevalent opinion puts a ghost-writer in the White House. That illusion has a disastrous potential.

There is abundant evidence of disquiet over the contradiction between our traditions and the present reliance on centralized government. A country with institutions based on the principle of diffused power is endeavoring to accomplish ends demanding the utmost concentration of power. Inevitably this produces something akin to national schizophrenia. Few like it, but most conclude that this steadily increasing development is inevitable.

Of course the forces operating to take the power from the people are numerous and persuasive. This is no longer the primitive agricultural country that produced the genius of the Founding Fathers. But it would be one of the most bitter ironies in all history if the technological demands of the modern age should be allowed to smother the philosophy which alone made our unprecedented accomplishment possible.

Misgivings about the future have always been common among the aged. They get consolation from thinking that their own deterioration is mirrored in the society they are about to leave. Today, however, there is an all too obvious apprehension among the young, for whom the future should be exhilarating. Because these anxieties take distasteful forms it does not follow that they are unreal. Surely adolescent unhappiness is as important for us as is the composition of the moon.

Later this month, as always on George Washington's birthday, his Farewell Address will be read aloud to Congress. Hopefully there will this time be special attention for the passage which says: "Let us with caution indulge the supposition that morality can be maintained without religion."

Upon that caution depends the future of this republic. Fortunately many of its citizens are well aware that collective material wealth will not indefinitely accumulate, if individual spiritual strength decays.

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The profitable and the profligate

BY ALDEN H. SYPHER

Some of the dedicated servants who work in Washington for the public are becoming more open in their criticism of how American industry is run.

This kind of infatuation with the idea that they know how to manage better than management is not new among public servants, of course. What is new and promising is the development in Shrewsbury, England, of a cure for such practically hopeless affairs.

Among the current critics of American business management is Jacob W. Rosenthal, who works for the people through a federal government far better known for its size than its excellence.

"I have nothing against bigness," Mr. Rosenthal told a symposium on aviation. And then he damned the nation's four largest and most successful airlines with this faint praise:

"We need the Big Four carriers, if for nothing else but to shake down new equipment."

Mr. Rosenthal said the largest airlines—United, Eastern, American and Trans World—had a magnificent record of technological innovation but, he added:

"I do not feel there has been the same kind of drive and imagination in the area of economic innovation.

"They don't have the same incentives. They don't have, as Avis says, to try a little harder."

Although Mr. Rosenthal is the director of the bureau of operating rights, which makes recommendations to the Civil Aeronautics Board, which regulates the airlines industry, he seems not to have noticed the customer services, nor the promotional fares that are so many they are confusing to some not altogether obtuse travelers.

If he thought he could do better, the listener had to assume it from his remarks, for he offered no suggestions except that new entrants into the airline business might bring about the economic innovation he seeks.

Not quite so restrained is Kenneth A. Cox, a mem-

ber of the Federal Communications Commission, which began an investigation last year into the American Telephone and Telegraph Co.

J. J. Scanlon, vice president and treasurer of AT&T, testified during a session of this endless hearing that the company's financing is something that might best be left in the hands of management, who live with it every day.

But, objected Commissioner Cox, if the company's debt structure and the raising of capital were left to the management, the government had nothing to do but accept what the company had done.

His point was clear:

Government should have some degree of control over the purse strings—which would give it control of the entire operation.

Is that what the American people need, or want? Let's take a look at a somewhat related industry conducted wholly by the federal government.

• • •

While AT&T will earn between seven and eight per cent on its investment this year, the Post Office Department, run by men whose intentions must be as good as those of Mr. Cox and Mr. Rosenthal, will have an operating deficit of \$1.2 billion.

Why?

There's only one cause. Incredibly poor management. Government management.

There is every reason in the world why the Post Office Department should be operating with a surplus this year. Postal rates never have been higher in modern times. The volume of mail never has been greater. The Department never has had more people to do the work. Only AT&T and General Motors have more employees.

These are the elements of success.

How have they been converted to failure?

The department has a number of tax-paid publicists who have succeeded in holding criticism surprisingly low in relation to performance by outlining to the public the problems of the postal service. Examine

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

TRENDS: RIGHT OR WRONG

the outline objectively, and you find the pattern of failure.

The service operates with an antiquated plant, they point out. This is true. Post offices in many places, like Chicago where a crisis developed last fall, are so out of date and inadequate that breakdown of service could occur at any time.

While the rest of the world has become mechanized, the postal system operates in the coolie era despite



PHOTO: WIDE WORLD

announcements promising modernization by the past several politicians heading it. Such efforts so far are minute in proportion to the need. Most are only experimental, and far from entirely successful.

At the same time, AT&T has become a world leader in its expanding field of communications and includes bouncing signals off satellites in its everyday work.

The post office cannot control the volume of its business, its apologists point out. Neither can many other industries, but a steady rise in volume, such as the post office has had, has brought success to most that have experienced it.

The postal service cannot control its prices, since these are set by Congress, the publicists say. Remember the penny postcard? And the three-cent letter? Then it was four. Now it's five. Soon it will be six, or more.

• • •

The blame for nearly all the Department's ills is shifted by its apologists to Congress—from rate-setting to wage-fixing, and from class determinations to methods of delivery.

Congress does control nearly all post office practices through laws. But is that an honest answer to the Department's failure?

It's the same body that appropriated money being doled out to writers, dancers, artists and musicians. Every two years it wastes hundreds of millions of dollars on pork barrel projects. It approved rent subsidies for employed persons and financed the rest of the Great Society.

Would not such a body approve taxpayers' funds

to modernize the postal system if a request were properly supported by the management—and Congress had confidence in that management?

It cannot be said the Department has inadequate representation in Congress, for the Postmaster General usually is the organization head of the political party in power.

Currently the holder of that office is Lawrence F. O'Brien, who was President Johnson's liaison man with Congress before he was elevated to Cabinet rank. He is credited with having the ability to get nearly anything the President really wants on the Hill.

So there is no reasonable excuse for the general failure of the postal service to keep up with the times and avoid billion-dollar deficits. It's just the way government operates.

As usual, there will be haggling this year about the public service requirements that account for about half the tremendous loss, and the attribution of the other half to commercial use of second-, third- and fourth-class mail.

But overlooked as usual will be the failure of the postal service to catch up with the times or to cut its losses in what should be the most prosperous period in its history.

The public will make up the loss from taxes, as it does every year.

Is this the kind of management Mr. Cox would visit upon AT&T?

• • •

While the situation seems to be too deeply fixed in bureaucratic immobility for a cure in foreseeable time, the postal system could be useful in another way. It could be the standing exhibit of federal operations whenever anyone concludes the government should further control or operate business now in private hands.

An effective method of such use comes from England. There, according to *The New York Times*, an unfaithful husband was cured of his infidelity by electric shock treatment in Shelton Hospital, Shrewsbury.

Two psychiatrists showed this scoundrel color photographs of his wife, and his mistress, alternately for 30 minutes a day for six consecutive days.

As the mistress's picture appeared on the screen, the faithless husband received an electric shock through his wrist. When his wife's picture flashed on, a recording told him of the harm he was doing by his affair with a neighbor's wife.

Six days of aversion treatment did it. Dr. John Barker and Dr. Mabel Miller said that a checkup six months later disclosed the marriage happier than ever before and the man completely indifferent to his former mistress.

We could do it here without electricity.

Even Mr. Cox should be converted by just two simple pictures. One of the progress at AT&T. The other, janitors dumping the empty whisky bottles out of the wastebaskets in the working areas of the old main post office in Washington, D. C. These are the residue of despair and hopelessness—things not found where there is even fairly good management.



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Why unions think they can get more now

From the looks of the headlines lately, you'd think the nation's labor unions were in deep and serious trouble.

- Strikes create nationwide headaches and hardships that drive unions out of public favor.
- Blue-collar membership in the traditional union strongholds of manufacturing, mining and transportation keeps slipping.
- Top American union leaders clash over policy.
- Union-backed candidates take a pasting in the national elections.

But behind the headlines is the stark fact that the unions—coddled and fattened for three decades by special privileges in both the word and the administration of national labor laws—are stronger than ever.

Like wood ticks, unions continue to latch on to any new source of strength that comes along. They appear to have no limit in appetite.

The businessman often is lulled into accepting much of what unions are up to as normal union functions—as facts of life that you just have to learn to live with.

Unions, meanwhile, are pushing through important changes in a variety of areas: Organizing; interunion cooperation; collective bargaining techniques; government influence; use of the strike weapon; legislative wants; political activities; bargaining table de-

mands and social and educational programs. Having saturated that part of the diminishing work force which has been easiest to organize, unions have turned vigorously to other sources of membership. The result: Union rolls are at an all-time high.

The bulk of the gains have been white-collar workers, women, employees of expanding service trades and government workers. Now union organizers are concentrating on smaller establishments and are showing up in smaller cities and towns and even in purely agricultural regions.

Today's most successful organizers are the Teamsters; the Retail Clerks; the Retail, Wholesale and Department Store Employees; the Letter Carriers; the Musicians; the Building Service Employees; the Plumbers; the Electrical Workers (IBEW) and the State, County and Municipal Employees, which is the fastest growing union of them all.

Organizers are pressing hard in the South. A typical target area is northeastern Mississippi, which has done well lately in attracting firms driven from the North by outlandish labor costs.

Organizers have calculated that if each industry in the South were unionized to the same degree as in other regions, union rolls would swell by at least 1.5 million.

A favorite gimmick of Teamsters organizers in the

Why unions think they can get more now

continued

South is to tell prospective members, "Look, pals, we're in the same boat with you all. We, too, have been harassed for years by Bobby Kennedy."

Organizers use more sophisticated new tactics, too.

For example, many organizers no longer bother with handing out leaflets at plant gates. Now they take their wives along and go directly to employees' homes. While the organizer's wife befriends the employee's wife, the organizer gives the employee a tailor-made sales pitch.

The hike in the minimum wage this month is expected to flood National Labor Relations Board offices with petitions for union recognition. The reason: Many skilled employees will be upset to see the floor sweeper get a 15-cents-an-hour raise while their own most recent raise amounted to, say, a nickel. Union organizers are busy capitalizing on this Congress-created discontent.

How to keep a promise

Some organizers started even earlier. They told low-skilled workers who were poorly informed on changes in the minimum wage already scheduled to take effect: "I promise you, if you join the union, you'll get a 15-cents-an-hour raise on Feb. 1, 1967, and another 20 cents raise on Jan. 1, 1968."

These are increases the minimum wage amendments force employers to give—union or no. But reports say the tactic resulted in a rash of signed union cards.

Increased organization drives have officially lifted membership in the 129 AFL-CIO affiliates to 13.5 million in the past three years. This reverses seven years of dwindling membership which began in 1956.

Added to this number are another one million Canadians in AFL-CIO unions and some 2.7 million Americans in unions not in the federation.

The actual number in all unions is no doubt understated, since locals customarily fail to report all their members to their internationals. In this way they try to avoid higher assessments.

Unions would have gotten an even greater membership boost last year had Section 14(b) of the Taft-Hartley Act been repealed, thus outlawing state right-to-work laws.

There are more than 250,000 nonunion workers in the 19 right-to-work states who are captives of contracts having contingent union shop clauses. If 14(b) is repealed, they would immediately and automatically become union members. The figures include 60,000 such captives in Alabama, 20,000 in Georgia, 25,000 in Kansas and 34,000 in Texas.

Figuring that the average yearly dues for these new

members would be \$60, repeal of 14(b) would add \$15 million a year to union pockets, plus at least another \$6 million in initiation dues. It's not surprising that the unions have tried so hard to ram through legislation to repeal right to work.

Solidarity for cameras

Unions are threshing out many old jurisdictional disputes which once hampered organization. At the United Auto Workers convention in Long Beach, Calif., last May, the Steelworkers new president, I.W. Abel, locked arms with Auto Workers chief Walter Reuther, and the two of them stood on the podium for a long time posing for photographers.

For anyone who failed to get the message—that old rivalries were being mended—the two hugged each other again in September before the Steelworkers convention in Atlantic City, N.J.

Mr. Reuther at his convention also embraced Roy Siemiller, president of his old enemy, the Machinists.

There are many instances of AFL-CIO affiliates working closer with outcast unions, too.

The Independent United Electrical Workers kept in close contact with last fall's General Electric negotiations even though the sessions involved its arch-rival, the International Union of Electrical Workers, AFL-CIO.

After years of scrapping, the Steelworkers and the independent Mine, Mill and Smelter Workers, who had been kicked out of the old CIO for being packed with communists, are working out a merger.

The two groups will meet late this month to chart coordinated bargaining strategy in the brass and copper industry. Meeting with them, under sponsorship of the Industrial Union Department of the AFL-CIO, will be the Teamsters, the International Brotherhood of Electrical Workers, the United Automobile Workers, the Brotherhood of Locomotive Firemen and Enginemen, the Oil, Chemical and Atomic Workers, the International Union of Electrical Workers, the Machinists, the Carmen and the Operating Engineers.

There is evidence that the Teamsters union, which the AFL-CIO ousted in 1957, also has been quietly participating in still more of the federation's multi-union bargaining.

This flirting between the Teamsters and the AFL-CIO is being confined mostly to lower levels—at least until the start of president James R. Hoffa's jail term. Officially, the two sides still aren't talking to each other.

English still austere

Here's how John F. English, the aging Teamsters General Secretary-Treasurer, put it at last July's



convention in Miami Beach: "A lot of people have been talking—and even our own people—about going back to the AFL-CIO. At the convention there in 1957, Jimmy Hoffa at the time was on trial in New York; Beck was on trial in Washington, and I took the floor knowing that I was defeated.

"I told them what I thought about them, and it didn't take me 10 minutes—it took me about an hour. . . .

"Now I am going to tell you something. We are not going back to the AFL-CIO. [*Applause, cheers and whistles.*] We are not going back while I am General Secretary-Treasurer, because, by God, I won't sign the check.

"There is nobody going to slap the Teamsters on one side of the face and slap us on the other, not while I have life enough to stand up. I have represented you all my life. Time is creeping up on me. If I was only 20 years younger!"

The younger Teamsters heard the words, but they go right ahead signing pacts with AFL-CIO unions.

Groups of Teamsters recently reached a "no-raid mutual assistance" agreement with two AFL-CIO chemical unions. In this they pledge not to tread into each other's "territory" and to actually help one another in signing up the unorganized. Another Teamster group is working on a mutual aid pact with Harry Bridges' Long. (continued on page 48)

Washington hides truth in lending

At the same time the government expands a subsidized program that earns money with tax-free dollars

Federal bureaucrats, trying to get deeper into private banking, are attracting a new market partly by deception.

Their vehicle is the credit union, blessed not only with federal monies but with friendly regulations. The short-term aim seems to be to win battles in the sputtering "war on poverty."

Credit unions have had federal sanction since the New Deal days of the '30's. But recently Uncle Sam has grown much more generous.

Look at what's happening:

- The Office of Economic Opportunity (poverty office) is busily providing money for credit unions in low-income areas.
- And the U. S. Bureau of Federal Credit Unions, with the help of a grant from OEO, is conducting courses in cities across the nation to encourage the proliferation of credit unions.
- And to credit unions' traditional tax-exempt status, federal regulators have added what can only be described as a liberal policy of allowing expansion beyond their original charters.

Add to this the fact that many credit unions for years have been getting rent-free office space and equipment and the fact that their promoters sometimes tell less than the full truth in lending story, and the federal intrusion comes into sharper focus. Oddly, this comes at

a time of very tight money for private lenders of all sorts.

To hear some of them talk, you'd think that commercial bankers and savings and loan officers stand at the doors of their establishments and bar the common folk from entering.

The Bureau of Federal Credit Unions still defines a credit union as a group of people with common interests who band together to try to work out their money worries.

One credit union, in East Hartford, Conn., finances more than 500 new and used cars a month.

Now they're big business

Originally, many of the credit unions drew their members from one lodge or one church. Now they are as broad as whole federal government departments. For in-

stance, the Navy Federal Credit Union has members all over the world, and the common interest is that a member is or was an officer in the Navy or a civilian employee of the Navy Department.

Pentagon policy favors credit unions. It's Department of Defense policy, says one directive, to provide "appropriate guidance and assistance in the conduct of credit union operations." It's also DOD policy to encourage the operation of one credit union at each installation without charge for accommodations, when space is available.

This same directive says that "credit unions serving DOD personnel will be afforded advertising space in appropriate publications, the use of bulletin boards for promotional or information purposes and (continued on page 100)



To encourage the spread of credit unions into low-income areas, federal funds are used to finance "Project Moneywise" courses across the country. Even for some already serving on the boards of operating credit unions, this is their first training. Meeting in an ornate federal conference room, participants in the Washington session get their diplomas from anti-poverty director, R. Sargent Shriver.



PHOTOS: DENNIS BRACK-BLACK STAR

Who's really running the new Congress



PHOTO: GEORGE TAKES

A "vast review" of Great Society laws passed during Eighty-ninth Congress is goal of Democratic Floor Leader Mike Mansfield of Montana. The Senate chief has strong backing of many colleagues in the Congress.

The men who really run Congress this session find they're having to worry as much about the mood of their colleagues as they do about the White House in considering legislation.

And it's been a long time since this state of affairs existed.

The leaders, the committee chairmen and the influential veterans know it will take more horse-trad-

ing, more accommodations on any bill in the Ninetieth Congress. Many questions are unanswered. For instance:

Is the public hunger for economy strong enough to produce enough budget-cutting to make the proposed tax increase unnecessary?

What kind of Republicans are the 47 freshman who came to the House in a stunning comeback by

the G.O.P.? Are they conservative or moderate, doves or hawks?

What kind of independence will the Democratic sophomores, who swept into office on the coattails of President Lyndon B. Johnson in 1964, show this time in the face of his popularity ratings?

What about the veterans who had cliff-hanging races and blame it on the President's image and unpopu-

Rep. Wilbur Mills, left, chairman of the House Ways and Means Committee, will have big role in any tax rise, social security change. So will the ranking G.O.P. member, Rep. John Byrnes.

PHOTO: GEORGE TAKES





PHOTO: UPI

Far bigger role in Congressional affairs falls on Republican shoulders of Senate G.O.P. Leader Everett McKinley Dirksen of Illinois, right, and House Republican boss Gerald R. Ford of Michigan. They are keeping a very sharp eye on spending.

Chairman George Mahon of the House Appropriations Committee pledges to watch growing federal spending. The Texas Democrat advocates long, hard look at burgeoning domestic programs.

Democratic Senator Russell B. Long of Louisiana is one of most influential men in Senate, serving both as chairman of the powerful Senate Finance Committee and right-hand aide of Sen. Mansfield.



PHOTO: HENRI BAZIN—BATES STEW

PHOTO: BOUCHÉ E. GRABATO





Single most influential Senator is Richard B. Russell of Georgia who is shown here, second from left, at 1966 White House discussion on bombing of North Vietnam. Sen. Russell is chairman of the Senate Armed Services Committee and second-ranking Democrat on Senate Appropriations Committee. Also shown, left to right, are Senators William J. Fulbright, D-Ark., and Bourke Hickenlooper, R-Iowa, and House Republican "Whip" Leslie Arends of Illinois.

PHOTOS: WIDE WORLD



Defense Chief Robert McNamara on his frequent trips to Capitol will have to defend his Viet Nam policy. Here he talks with Chairman L. Mendel Rivers, right, of House Armed Services Committee.

WHO'S REALLY RUNNING NEW CONGRESS

continued

larity of many Great Society programs?

For Senate Majority Leader Mike Mansfield, this is likely to be the session when he gets recognition and at long last comes out of the shadow of Mr. Johnson's reputation as a "tough guy" leader.

The gentle Montana ex-professor struck gold with his call for a "vast review" of legislation passed the last few sessions. He publicly echoes what many members were quietly saying should be done.

President Johnson pledged re-evaluation by the Executive Branch of government in his State of the Union message. He even suggested that more efficiency would be achieved by combining the Commerce and Labor Departments, but both business and union leaders were astonished by this proposal.

The mood of Congress

Few Congressmen want to eliminate the basic welfare programs of the Great Society, but many want their administration tightened up and changed. And many are re-

luctant to expand these programs now.

"You're going to see the leaders of Congress work closely with the committee chairmen this session," one 20-year veteran lawmaker says. "You're going to see committee chairmen pay a lot more attention to the views of every committee member, Democrat and Republican."

"You're going to see every Congressman pay a lot more attention to the grass roots sentiment of his district—and vote that way."

"And you're not going to see any pie-in-the-sky voting. Too many members feel the mood of the country is to be realistic about spending money."

For that reason much attention is centered on the House Appropriations Committee, headed by Rep. George Mahon of Texas, which must pass first on all spending.

Rep. John Rhodes, chairman of the House Republican Policy Committee, calls Chairman Mahon's a "key committee" in the new Congress.

A fiscal conservative, Rep. Mahon

told NATION'S BUSINESS that "something must be done" about growing government spending and he advocates a long, hard look at costly domestic programs.

The majority of the Appropriations Committees in both the Senate and House privately say such a look is very much needed.

Pressure for an intensive search for possible spending cuts was increased by President Johnson's proposal for a six per cent surtax on the earnings of both individuals and businesses.

The first decision on this must be made by the House Ways and Means Committee, headed by Rep. Wilbur Mills of Arkansas. On the Senate side, it must be considered by the Finance Committee.

Even before the President's pro-



Rep. Carl D. Perkins, D-Ky., is new chairman of House Education and Labor Committee. He moved up after ouster of Rep. Adam C. Powell of New York as chairman.

PHOTO: MICHAEL LEWIS



Sen. William Proxmire, D-Wis., described as economic maverick, heads up House-Senate Economic Committee. Sen. Proxmire voted against '64 tax cut, is against waste.



Sen. John Sparkman, D-Ala., is new chairman of Senate Banking and Currency Committee. He has lukewarm view of Demonstration Cities program before his group.

PHOTO: WIDE WORLD

posals, both committees had a workload that promises to keep them busy at least into the summer.

Republicans have gained some strength on Ways and Means but the ratio stays the same for the Senate Finance panel, despite the November defeat of veteran Sen. Paul Douglas of Illinois.

"The committee's profile changed last year, with the retirement of the late Sen. Harry Byrd, Sr., the advancement to chairman of Sen. Russell B. Long of Louisiana and the addition to the Committee of Sen. Lee Metcalf," says one Finance Committee source.

"We've gone from a pretty conservative group to a considerably more liberal one."

Look what's on the legislative calendar in addition to the proposed tax increase.

The committees probably will wrestle with the debt ceiling twice this year. Although the debt limit would not revert to its "permanent" \$285 billion level until July 1, the Administration is sure to seek a "temporary" increase above the current \$330 billion. Any temporary increase is expected to last only until June 30—the end of the 1967 fiscal year.

And before then, another increase in the ceiling will be asked.

Both committees face lengthy deliberations over social security liberalization, as urged by the President. There's little doubt that benefits will be fattened substantially.

(continued on page 84)

Problems of decaying cities continue to occupy the interest of Sen. Robert Kennedy, D-N.Y., left, and Sen. Abraham Ribicoff, D-Conn. Both have been severe critics of President Johnson's handling of urban problems, will push for new programs.

PHOTO: WIDE WORLD



Monday holidays:

LESS WORK, MORE PROFIT?

Four times this year a holiday will fall in midweek. You and your employees take the day off, go back to the job for a day or more and then have the weekend off.

How about a vest-pocket vacation instead? Forego a holiday on the traditional date and switch it to the nearest Monday. The result: A series of three-day vacations spread neatly over the year. Moreover, it could mean savings or more profits for your business.

What, some say, eat Thanksgiving Turkey on a Monday? Shoot off fireworks on the third of July? Honor our veterans on Nov. 13?

The fact is, holiday changes have been discussed for a number of years and may well come to pass because of new broad-gauged business support.

Actually why celebrate George Washington's Birthday on Feb. 22, when he was really born on February 11? Or Columbus Day on Oct. 12 when old Chris really discovered America on Oct. 23?

Why the Fourth of July? It was July 2 when the Continental Congress actually adopted the resolution of independence advanced by Richard Henry Lee and John Adams. It was on that day in 1776 when we really declared our independence from Great Britain.

It was July 19 when the Continental Congress ordered the document engrossed and passed a resolution seeking signatures that would lead to its ratification.

It was during George Washington's lifetime that the British introduced the Gregorian calendar to the

colonies—advancing all dates 11 days—and hence the Feb 22 observance.

Oct. 12 is the date that appeared on the "old" calendar in Columbus' wardroom aboard the Santa Maria. Had we shifted the date, though, to accommodate the current Gregorian calendar, we would celebrate Columbus Day on Oct. 23.

All this shows that national holidays Americans are so accustomed to were set arbitrarily and might be observed on entirely different dates today.

Switch the dates?

For a number of years there has been growing sentiment to change the dates of some of these holidays so that they will be observed instead on the nearest Monday to afford workers a series of three-day vacationettes and avoid the split-week observances now in practice.

The idea has widespread support from business and labor, the travel industry and many others. In fact, about the only opposition comes from those who fear the three-day holiday may increase highway accidents.

The drive for uniform Monday observances of certain holidays may well take on new impetus as a result of a recent survey by the Chamber of Commerce of the United States. It asked its members if they would favor Monday observance of such holidays as Washington's Birthday, Memorial Day, Independence Day, Veterans' Day and Thanksgiving. Christmas and New Year's Day were not included.



PHOTO: IAN WASSER-BLACK STAR

Uniform Monday holidays would enable hotel industry to provide guests better service at lower cost, Ernest Henderson III, president of the Sheraton Corp. of America, believes. He feels split-week holidays hurt business.

An overwhelming majority—85 per cent—of the almost 10,000 who responded said they would. The National Chamber has taken no official position on the proposal.

Over the past few years several unsuccessful attempts have been made in Congress to adopt resolutions calling for uniform Monday observances. At least one Congressman, Rep. Samuel Stratton (D-N.Y.) is planning to push such legislation in the new Congress.

These traditional holidays are not national holidays as such but rather legal or public holidays. The President and Congress can designate them as holidays only for the District of Columbia and for federal workers around the nation. The states have jurisdiction over holidays they choose to observe and these are set aside either by legislative enactment or executive proclamation.

Businessman's view

Reasons for wanting to change to Monday holidays are many and varied. Among businessmen they tend to fall in three categories. They feel the vacationettes would:

- Reduce absenteeism that sometimes surrounds holidays that fall during midweek.
- Avoid production interruptions caused by mid-week holidays.
- Create sales stimulus for many types of businesses whose products and services would be useful in new-found time for

(continued on page 66)



PHOTO: IAN WASSER-BLACK STAR

Canada already has adopted the "vest pocket" vacation approach, so why shouldn't the United States follow suit, Frank Staples, president of the SuCrest Corp., asserts. Mr. Staples thinks the idea would be helpful to business.

Thomas C. Butler, Chairman of the Board of the Grand Union Co., says mid-week holidays interfere with business and are unsatisfactory both to management and employees. He's sure uniform holidays would help all retail field.



PHOTO: HERBIE WELF-BLACK STAR

BUSINESS: A LOOK AHEAD

No dip in chips

(Agriculture)

Blown-up buildings

(Construction)

Lowering the boom

(Transportation)

AGRICULTURE

Lowly potato highlights trend in food processing. Key indicators:

Nearly 40 per cent of crop went to consumer in processed form in 1966, compared to just under 14 per cent 10 years earlier.

Agriculture Department reports breakdown, based on 1965 crop, as 13.5 per cent for potato chips, 8.6 for dehydrated and 15.9 for frozen. In Idaho, nearly 60 per cent of the crop was processed.

Department economists comment: "Homemakers who value their time at 50 cents an hour or more will be way ahead preparing three out of four potato recipes with processed potatoes rather than fresh ones."

CONSTRUCTION

More buildings are being blown up. Inflated, that is, consisting of specially treated fabric and kept in place by air from blowers.

"One major fabricator in the field has tripled his sales in the past three years," says official of J. P. Stevens, prime manufacturer of fabrics coated by others with rubber and synthetics.

He says main area of increase is recreational, making year-round use possible for tennis courts, swimming

pools, hockey rinks and the like. Municipalities account for much of the customer increase.

Uses are already widespread: Warehousing, storage of fertilizer for agriculture, offices at construction sites, fair exhibits, branch banks, churches (while the fund drive gets off the ground).

Advantages are economy, portability and "demountability," says Stevens official, particularly adapted to "temporary" use.

Some fabricators now guarantee five- to seven-year life. Longer use is expected as research overcomes such problems as low resistance of nylon to breakdown by sun's ultraviolet rays.

CREDIT & FINANCE

The bloom seems back on the boom in municipal industrial financing.

This is device whereby communities hungry for industry float bonds themselves or through nonprofit corporations and build plants for lease to industry.

Originally designed for firms unable to gain financing elsewhere, device now has financed—or will—plants for IT&T, American Can, Armco Steel, United Fruit, other giants. "It looks

like a who's who of American industry," says banking source.

Trend line figures: 1963, \$119 million; 1964, \$191 million; 1965, \$212 million; first eight months of 1966, \$439 million.

Activity flattened out in last half of last year, following criticism of practice by Vice President Humphrey and Treasury Secretary Fowler. Municipal bonds are tax exempt, so their use as inducement to industry represents subsidy. Also, some corporations themselves buy up these securities, gaining tax-exempt income.

But now it's picking up again. In Louisiana, voters approved total of \$80 million; Internal Revenue Service ruling is awaited on \$85 million issue for Ohio community.

Says investment banking source observer: "If interest rates stabilize, we'll see a lot more of this."

FOREIGN TRADE

Supersonic transport holds promise of big plus for U. S. balance of payments once LBJ gives go ahead to build. Prospects for orders for transports now stand at 114, some 56 for U. S. carriers and 58 for foreign buyers. Conservative government estimates put sales at 400 over 10 years, 800 over 20.

Some estimates put production as high as 1800 over 20 years, though this could well be sharply cut back if sonic boom problem curtails use over land.

Even assuming 800 figure over 20 years, and if 50-50 ratio of domestic to foreign sales held up, gain would represent some \$16 billion at \$40 million per copy.

Successful U. S. venture also would reduce market for British-French Concord, to cost some \$16 to \$20 million. Orders now stand at 70, one half American.

MANUFACTURING

Utilities find plant locations for manufacturers and build new customers.

Effort is called PLANN (plant loca-



Chairman Macdonald of the Advertising Federation of America whose industry has voiced concern over worsening relations between advertising and government.

tion assistance nationwide network), created by Edison Electric Institute some 18 months ago and now producing real results. Examples:

Expanding Arkansas garment manufacturer wanted another site in the state, second in Florida; Arkansas Power and Light development staff helped find another location in state, put firm in touch with Florida utility. Two plants employing 300 each resulted.

In Georgia, oil company contacted Georgia Power Co. on basis of PLANN promotion material and wound up with site for new foam products plant. Chemical company bought 1,400-acre site for future development.

Rochester, N. Y., utility alone reports 50 contacts, credits program with prospects for film company plant, 21-story office building and four large warehouses.

"Now with evidence of use and success," says spokesman for EEI, "I think we can look for more participation."

MARKETING

Sign of anxiety about government climate for advertising:

Advertising Federation of America's ninth conference on government relations later this month will confer

its first award established to honor those who do most to improve government-advertising ties.

This year's recipient: Senate Minority Leader Everett M. Dirksen, who invoked the principle of freedom of speech to defend the industry from mounting attacks within government.

Federation Chairman Donald A. Macdonald has pointed to "the current drift of advertising-government relations," citing attacks by the Justice Department and the Federal Trade Commission among others.

Other industry sources say government attitude toward advertising is at lowest point ever.

NATURAL RESOURCES

Use of titanium, a strong metal resistant to corrosion and heat, will more than double in next five years and really take off in 1970's.

Latest government estimates put 1966 output of mill products at 13-14,000 tons, 27,000 tons by 1970. Big jump is largely in aircraft engines like Boeing 747 and Lockheed's giant C5A military transport.

With no timetable available, estimates can't include supersonic transport. Two prototypes expected to use million pounds each; 350,000 pounds each expected for production models,

mainly in sheeting and plate for airframe. Figures for 1965 end-use show breakdown of total production: Aircraft engines, 40 per cent; airframes, 30; missiles and space, 15; industrial uses, 10, and electronics and submarine use, five.

Metal now used mainly in alloys. Government experts expect greater use of pure metal in next decade.

Example: Titanium may well be used in condenser tubing for desalting plants because of high corrosion resistance.

TRANSPORTATION

Though results are years away, research is being pressed to combat aircraft noise, an increasing problem in built-up areas.

Space agency last month awarded contract for experiment, from design to flight test, of engine modifications to reduce whine of jet-engine compressors, main source of complaint from landing aircraft.

Goal of research, designed to develop sound-absorbing material in existing engines, is to reduce noise level equivalent to removing hearer two and one-half to three times distance from source.

Another, longer-range program in engine research would cause air to flow into engine intakes at supersonic speed, setting up sound barrier blocking noise emission.

NASA also is studying new aircraft design in quest of greater controls at low speeds to permit steeper descent. Project also has applicability to new jumbo transports, whose landing problem is compared to "docking the Queen Mary."

Federal Aviation Agency says there's no single solution to noise problem. Real progress will come from combination of noise reduction at source (engine), airframe design requiring less engine thrust, modified takeoff and landing patterns, isolation of new airports and controlled building around them and possible redevelopment of land around close-in airports.

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WHY UNIONS THINK THEY CAN GET MORE

continued from page 37

shoremen on the West Coast. Other unions are joining forces, too. For example, the AFL-CIO's Steel, Auto, and Rubber Workers unions also are seeking western-area deals with Bridges' union.

Union blitzkrieg

Typical of how unions are gang-ing up in their organizing is the case of Thomson Products Co., a moderate-sized clothing maker in Thomson, Ga. The plant was besieged simultaneously by organizers from the Teamsters, the International Ladies' Garment Workers' Union, the Amalgamated Clothing Workers of America, the Rubber Workers and the United Brotherhood of Carpenters and Joiners of America.

During last year's election campaign still more machinery for co-operation between unions was set up. The most elaborate, though hardly the most successful, example was the rallying of several union staffs and moneys to stump for the re-election of California Gov. Edmund (Pat) Brown.

Such machinery is apt to become more formidable and more formal as new leaders take over various unions and old bitternesses are erased.

For the first time, the AFL-CIO has abandoned its tradition of not involving itself in the bargaining problems of its affiliated unions.

In its 11-union "coalition" negotiations with General Electric and Westinghouse, the AFL-CIO's Industrial Union Department even employed federation computers. IUD officials expect to use the computer extensively from now on in preparing contract material, analyzing and developing new organizing programs and compiling data on target companies.

Government of, by and for unions

The rising number of government employees being unionized is boosting union influence in the lower levels of government. Union influence continues to grow also in the upper ranks of the federal government.

The most obvious unionist high in the federal system is Arthur Goldberg, the former general counsel for the Steelworkers. He was Secretary of Labor under President Kennedy, then went to the Supreme Court and is now U. S. Ambassador to the UN.

Other unionists occupy even more sensitive government spots so far

as most businessmen are concerned.

Some of them are:

● Benjamin D. Segal, the Equal Employment Opportunity Commission's director of office of liaison for federal, state and local agencies. He was a member of the executive and central committees of the International Metalworkers' Federation.

● NLRB Chairman Frank W. McCulloch. He was administrative assistant to Sen. Paul H. Douglas, the now deposed staunch friend of unions. He also was a Teachers Union member and the secretary of the Illinois Workers Alliance. He once ran for the U. S. Senate on the Illinois Labor Party ticket.

● NLRB member Sam Zagoria. He was chairman of the Washington Post unit of the Washington Newspaper Guild, AFL-CIO, and later was president of the Washington Guild. He also was administrative assistant to union friend Sen. Clifford P. Case.

● Hyman H. Bookbinder, assistant director for National Councils and Organizations for the Office of Economic Opportunity, the anti-poverty program. He was a lobbyist for the AFL-CIO.

● George L-P Weaver, assistant secretary for international affairs, Department of Labor. He was assistant to the president of the International Union of Electrical Workers. In fact, recently he publicly congratulated his old union on its new technique of coalition bargaining.

● Labor Department Solicitor Charles Donahue. He was research director of the Plumbers Union.

● Esther Peterson, assistant secretary for labor standards, Labor Department. She was a lobbyist for the AFL-CIO's Industrial Union Department.

● Charles F. MacGowan, coordinator, intergovernmental water program of the Water Pollution Control Administration. He was international representative for the Boilermakers Union.

● Assistant Director John E. Cosgrove, of the Office of Emergency Planning. He was assistant director of education for the AFL-CIO.

● Redmond H. Roche Jr., deputy general counsel for the Veterans Administration. He was assistant counsel of the United Auto Workers.

The list could go on and on.

Union power has grown so great that last year alone it halted the New York subways, grounded most



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WHY UNIONS THINK THEY CAN GET MORE

continued

commercial airplanes, killed off one of the country's grandest newspapers and left hospitals without nurses, schools without teachers and cities with insufficient firemen and policemen.

The nation regularly faces the specter of the Steelworkers shutting down 87 per cent of the basic steel industry; the Auto Workers stopping the entire auto industry and most of the farm equipment industry; and the Teamsters halting 90 per cent of the trucks.

Monopoly with loaded dice

This raw power by unions is specifically exempt from antimonopoly action. At the same time, the vagueness of antitrust laws puts businessmen in a legal stranglehold that can be eased or tightened to fit the wishes of an Administration.

AFL-CIO officials gloat over the fact that what was most feared when the AFL and CIO merged is finally coming about. Unions of the great combine are learning to pool their interests to bring employers to their knees.

Management's efforts to bargain in good faith with unions is further complicated by the weakening of leadership in some unions. How, businessmen wonder, can you bargain with union leaders, like Siemiller, of the Machinists who aren't even sure that they are speaking for their members?

Unions comprise the most powerful lobbying force in Congress and pay the bulk of election costs of some Congressmen. But defeat of so many union candidates last November has toned down the union voice on Capitol Hill this session.

Senators are not likely to get tough-talking letters of the type that the International Typographical Union sent to them in the last Congress.

That letter quoted the union's president, Elmer Brown:

"There seems to be a tendency on the part of some of the Senators, who are allegedly our friends, to sit on the proposed amendment to the Taft-Hartley law which would eliminate Section 14(b). These alleged friends are under great pressure, undoubtedly, but we should not let them forget that we of the labor movement put them in office.

"I think . . . those members of the U. S. Senate who were elected

on the ticket with President Johnson on a platform to repeal 14(b) will either discharge their obligations or we shall mass our forces and discharge them at the next election."

What's to fetch on the Hill

Although the 14(b) issue appears dead for this Congress, unions have indicated that they are going after—in a quieter manner—some other important legislation.

They will seek federal rules for unemployment compensation, enlarged authority for the Equal Employment Opportunity Commission, more liberal pension laws and double pay for overtime work.

Meanwhile, unions, particularly the AFL-CIO, have been giving more attention and money to concerns that seem to have little to do with the bread-and-butter issues of wages, hours and working conditions. They are increasingly active in education, low-cost housing, poverty programs, cultural affairs, the international labor movement, civil rights, migrant farm workers, air and water pollution and urban problems. There are political rewards for union bosses in all of these fields.

Writers in union publications engage in much navel-gazing these days.

They ponder such subjects as "the nature of American unions" and the "role of unions in society."

This is not to say that unions will let up any at the bargaining table. On the contrary, their demands will be more exorbitant than ever.

"It is perfectly obvious that labor unions have nothing whatsoever to give in the bargaining context, with the single exception of their unqualified pledge not to withhold their labor," complains Dr. E. F. Scoutten, vice president, personnel, for the Maytag Co., Newton, Ia.

"It is virtually impossible to secure such an unqualified pledge from any of the major unions. They are perfectly willing to agree to a no-strike clause with numerous exceptions which generally add up to mean that they will not strike unless it seems like a good idea."

Salary with fringes

Sheer union power made a mockery of the President's 3.2 per cent ceiling on combined wage and benefit increases. Unions now are

aiming at five per cent for wage boosts alone—not as a ceiling, but as a floor. Added to this will be demands for more fringes of all sorts.

Some relatively new extras that unions will be clamoring for are:

- Replacement of wage rates with annual salaries.
- More protection of workers against displacement through technological change.
- Shorter-term contracts, so union sledgehammer bargaining can come around more often.
- Standing company-union committees for the study and negotiation of issues during the period between contract settlements.

This last is an example of how unions intend to continue moving more and more into functions once thought to be exclusively management's.

Until recently, subcontracting, plant-moving and plant-closing were matters that management alone could decide. But union influence over the NLRB has made such decisions into items that now must often be bargained out with the union.

The unions also are going after:

- The right to veto management decisions regarding labor standards and job rates.
- The setting up of union time-study stewards who, along with company time-study engineers, jointly reach incentive labor standards.
- More joint committees to administer personnel programs.
- Stricter application of seniority in promotions.

How business counters

As union interests and powers continue to sprout on many fronts, management groups are stepping up their opposition.

They are fighting through political action to defeat candidates who are beholden to unions.

They are fighting through efforts for reform of the labor laws, especially those regulating the NLRB.

They are fighting through programs to educate employees in the workings of the free enterprise system—to counter years of distortions presented to the American workers by labor leaders, social planners, socialists and communists.

Finally, they are fighting rising union power at the bargaining table where—despite the stacked cards—they are, in most cases, standing up for the rights of their employees to work as well as the rights of themselves to manage. **END**

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LESSONS OF LEADERSHIP: PART XXI

REVOLUTIONIZING AN INDUSTRY

William J. Levitt, the country's biggest homebuilder, famed for Levittown, tells how he shattered tradition and helped streamline age-old construction business

William J. Levitt, 60, impeccably clad in a Paris-tailored suit, moustache neatly trimmed, cuffs smartly clasped with simple gold links, is a Hollywood image of the successful executive.

He works in an immense panelled office hung with canvases of modern French and Italian artists. It overlooks a landscaped courtyard where copper, free-form fountains by the Dutch sculptors, Gerrit and Hans van de Bovenkamp, splash in a marble reflecting pool.

Edward Durell Stone, the world-famous architect, designed the building where Levitt and Sons, Inc., has its general offices. Even the address has a symbolic ring: Lake Success, N.Y.

But these trappings of opulence are somewhat misleading. Bill Levitt is less a tycoon than a revolutionist. He is an iconoclast and free-thinker who grew up in the moss-back mores of the home-building industry, then discarded them.

An innovator, he found ways to do things that were radically different from the way they had been done before.

He adapted efficient assembly-line techniques to the building industry and made possible modern mass-production of housing. For that

reason he is often called the Henry Ford of the building industry. He has made himself, and many others, rich men. He owns almost two million shares of Levitt and Sons, Inc., worth about \$15 a share. Here, in an interview with an editor of *NATION'S BUSINESS*, he tells how he changed an industry, and how it could change further in the future.

Mr. Levitt, how did you decide to make building your career?

Strictly by accident. My father was a lawyer and had a 25 per cent interest in some land that his clients owned. This was in Rockville Centre, L.I., in 1927, and the village of Rockville Centre decided to install a new sewer system.

The best location for the sewage disposal plant would have been at a site away from everybody, but political pressures were brought to bear and the village purchased an expensive, wholly unsuitable, 20-acre tract immediately adjoining our property.

Up until that time, land had been sold to builders, but now this became impossible. In order to salvage whatever we could, father and

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LESSONS OF LEADERSHIP *continued*

I purchased the land from our associates at cost, with no cash down. We were in the building business, and the rest is history.

On August 2 we put in the first foundation and, during the first 12 months, we built and sold 18 houses.

Bear in mind that this was during the throes of the building depression which had started a couple of years before the 1929 stock market crash.

It's interesting that 20 years later we would be building 18 houses every morning, and another 18 every afternoon.

How did Levitt and Sons get into the mass-production of homes?

World War II is the answer. Immediately after Pearl Harbor a government ban was imposed on virtually all building except that associated with the war effort. We had our choice either to go out of business, or to build low-cost housing in areas designated by the government as critical.

We chose Norfolk, Va., which was the home of the Fifth Naval District and contained the largest naval base in the United States. We were immediately given a priority for materials to build 750 houses to rent to naval officers, but we were told that we had to do it in a hurry.

We stated on our application for priorities that we would do the job in a year, but we actually completed it in something under 10 months.

How did you manage to do that?

We realized that if we were to build as we had in the past, it would have taken us three or four years to do the job, so, of necessity, we had to dream up new methods.

We experimented—and it proved to be successful—with framing an entire wall on the ground and then raising it in place. It was cheaper and quicker to do it that way.

On another item—septic tanks—it used to take us half a day to do one. Then one of our engineers hit on an idea of using burial vaults. We went to a manufacturer and showed him what a cinch it was to make a few changes in his product, and turn out precast concrete septic tanks—*née* burial vaults—for us. Where we had taken half a day to make one, now we could install 19 or 20 of them in the same time—and they were even better than the old-fashioned ones.

In any event, the powers that be

were so happy with the job that we received priorities for materials to build 1600 more units for ship-board workers.

How did that work out?

As far as we were concerned it worked out fine. We learned more with every house we built, and this second job was really a post-graduate course in mass production. We built those 1,600 houses well ahead of schedule, and that included two sewage-disposal plants as well.

What was the end result?

Well, at Norfolk we began to grasp the principles of mass production. Mind you, we were a long way from mastering them, but we had developed some sort of rough technique and, from that point on, it was a question of refining what we already knew.

You see, we had all the elements you needed to really put the technique to the test.

We had the demand—the war provided that.

We could secure the materials we needed—the priority system helped us on that point.

We secured whatever bank financing we needed because most lending was being channeled into the war effort. And then, when the war was over, we built the first Levittown on Long Island under similar circumstances.

There was a huge pent-up demand for housing that was the result of four years of nonbuilding for civilians. The banks were loaded with money, and the government had adopted a no down-payment plan for veterans. The elements were all present for a huge mass-production program, and so we put into practice everything we knew, plus what we found out as we went along.

Where did you get your ideas for mass production?

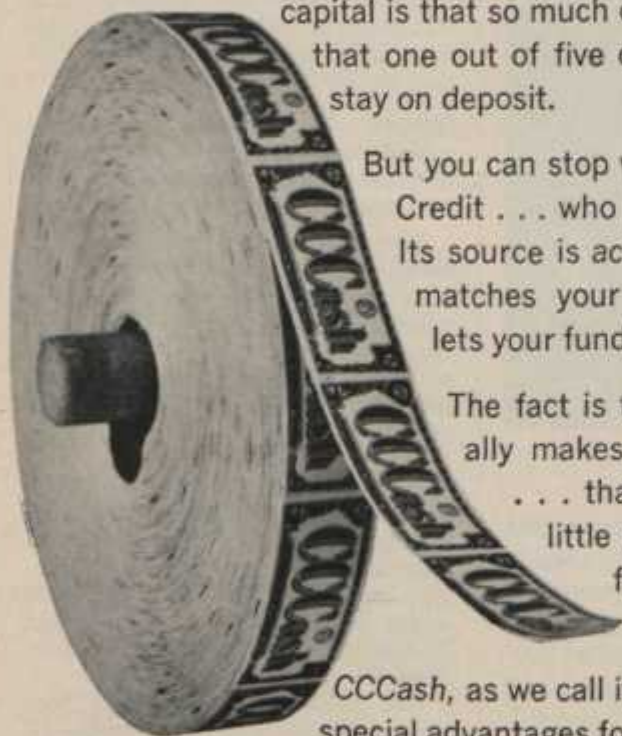
From the assembly line. I suppose that's why we've been called, at various times, the General Motors and the Henry Ford of housing but, if you stop to consider it, you'll see the analogy to Detroit.

After a period of time we broke the building of a house down into 26 basic steps, all the way from the digging of footings to the painting of the outside trim. Each step was handled by a different crew, specially trained in the particular operation.

We made studies of time and mo-

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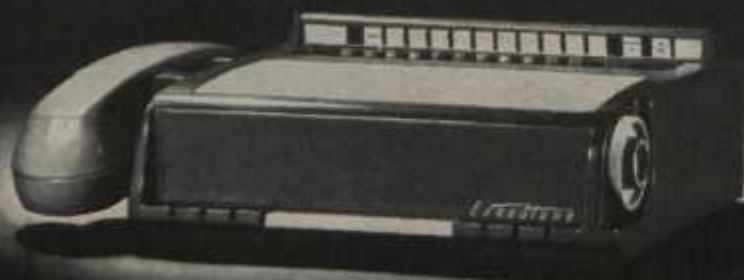
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Cincinnati.....	1003 Carew Tower.....	721-2962

Los Angeles.....	722 S. Spring St.....	MA 4-9431
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LESSONS OF LEADERSHIP *continued*

tion. We broke down the carpentry, for instance, into exterior, interior, framing and trimming operations. Still another group of carpenters did nothing but roofing.

We found out that the performing of single, simple operations resulted in a tremendous saving of time which, of course, was money. Over the years this assembly-line technique became more and more refined.

How much does this streamlining save on construction costs?

It's hard to pinpoint the exact amount. But a very distinguished magazine once did a study on us and the result was an article that was entitled, "Forty Percent More for Your Money." Judging from comparative houses around us today, I think the essential spirit of that article still holds good.

Weren't the savings substantial enough to enable you to tap the new low-cost market for housing with your post-war Levittowns?

Yes. Heretofore we had built houses on a custom basis with archaic methods. We were now in the position of giving substantially more value than ever before, and we liked the idea of being able to build for the family that could not afford an expensive, custom-built house.

Because of that, the first Levittown in Long Island grew like Topsy. We started it in 1947, and four years later we finished it. During that time we had built just under 17,500 houses, and almost 70,000 men, women, and children lived there.

Our critics—and I think there were more of them than nails—all prophesied the most dire results for the future. You know, this was an incipient slum, a collection of jerry-built shacks, and so forth.

Today, 20 years later, the basic house sells for twice as much as we sold it, the trees have grown, the landscaping has flourished and proud homeowners have made so many improvements that there are some houses in Levittown that are priced as high as \$35,000 today.

Remember, that \$35,000 house started out as a \$7,990 baby and confounded all the prophets by growing into a lusty \$35,000 adult.

Didn't you build more Levittowns?

Yes, in 1952 we started the sec-

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Evinrude's new ROGUE is here! ...the sea is calmer already

That's the way it seems when you're in a Rogue.

Her Gull Wing hull helps cancel out the motion of waves. Her stabilizing sponsons resist the tendency to wallow. No need to oversteer to correct a yaw in another direction.

The Rogue is a roomy 19-footer—but feels more like a 25-footer. At speed, she rides atop her own bow

wave. The bigger the chop, the greater the shock-absorbing lift from her contoured spray-riding tunnels.

Her 200 hp V-8 purrs along with quiet authority and miserly economy. Flat out, she'll do a fast 40 mph.

But: a word of caution. Don't ride in a Rogue unless you intend to own one. The experience is apt to be habit forming.

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See the Rogue at your Evinrude dealer. He's listed in the Yellow Pages under "Outboard Motors." Send the coupon for Evinrude's free motor and boat catalog.

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Please send free 1967 Evinrude motor and boat catalog.

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City.....State.....Zip.....

LESSONS OF LEADERSHIP *continued*

and one in Bucks County, Pa., not far from Philadelphia.

Different from the first one, this was pretty much preplanned all the way from street patterns to school sites and, while it was not the best planning in the world, we put up almost exactly the same amount of houses there—17,300—as we had in Long Island.

We spent a pile of money on landscaping, and my father should get credit for that.

He insisted on it. He knew that trees and shrubs always help to stabilize a community.

Wasn't that your last mammoth community?

Well, that depends on your definition. In 1958 we started another Levittown in New Jersey and, among other jobs, we are still building there. To date we have over 6,000 houses occupied and we're still going strong.

In 1960 we changed our approach to the problem by building simultaneously in several smaller communities rather than just one.

How many are you building now?

We have seven branch offices in the United States. The newest is in Chicago and the others are in Long Island, northern New Jersey, southern New Jersey, Maryland, Virginia and Florida. We also have a large office in Puerto Rico and another one in Paris.

And you no longer sell your low-price, Model T home?

No, now we have all kinds of models, just like General Motors. Thirty models to be exact. They sell from \$13,500 to \$31,000, with everything in between.

And in very short order we're going to open up another community in Huntington, Long Island, where the houses will be priced around the \$40,000 mark.

And you still get the advantages of mass production?

Yes, we do.

Why did you switch from building one model in one location to the kind of operation you have today?

Times change, and we had to, too. There has been so much building in the past 20 years that land close to the center of a metropolitan area just doesn't exist in such quantities as to permit the building

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Wide-Track Pontiac

of four or five thousand houses a year in a single location.

Therefore, we had to build on much smaller tracts of ground and, in order to sustain a reasonably high volume, we simply had to build in several locations at the same time.

In 1961, just at about the time we were ready to make the change, we lost three-quarters of a million dollars. We simply couldn't build enough houses in one location to show profit.

How many houses has Levitt and Sons built?

About 75,000.

How many will you build this year?

In the year ending Feb. 28, 1967, we will have produced about 4,300 houses.

Is this your peak year?

This will be our peak year as far as dollar volume is concerned. We will do about \$92 million. But in units we once built 5,000 at Levittown, L. I. However, our dollar volume this year is almost twice what it was then.

How about next year?

Next year I think we will have a peak in both units and dollars. We expect to go over the 5,000 mark in units, and in dollars we should do about \$112 million.

What sort of future does the housing industry have in the United States?

I think it's the greatest growth industry of any. All facts and figures point to a doubling of our population by the end of the century. Everyone of those people will require food, clothing and shelter, and that's where we come in.

We're going to need about 52 million new homes. Dr. Weaver, who is the head of the Department of Housing and Urban Development, has published a figure of 22.5 million houses needed in the next 10 years, and I think he's right.

Where are we going to put all these people?

Well, you don't have much choice. You can't simply build up your cities by going skyward. New York, for instance, has reached the point where it's becoming increasingly impossible to enjoy day to day living.

Sure, it's a swell place to be entertained. But there aren't many

young families with children who feel it's the ideal place to grow up.

If we dump any more people on the streets there, it will get to the point where it will be physically impossible to carry on any normal semblance of comfortable or efficient social or business life.

No, that's not the answer. We've got to begin building throughout the United States on the great, attractive, open spaces that we have now. That, too, presents a problem.

You can't simply dump them on the plains of Kansas and say, "Live there." They have to earn a living and you have to have the facilities in these new places for work, play, schooling, entertainment, and the development of cultural environment.

You have to create new, complex cities where nothing exists now.

We have a solution which we call the Primary Employment Town—P.E.T., for short. This is the town which has the wherewithal built right into it. It can be any size and, for our planning, we've developed a module for 50,000 people.

For each unit of 50,000 you would need a primary place of employment—factories, office buildings, industry—for approximately 6,000 people. The balance of the 50,000 are made up of service personnel, plus wives and children.

You'll need schools, shops, churches, utility installations and everything else we're accustomed to having in this day and age.

As these cities develop in size, additional facilities would be added.

How much would it cost to build?

That depends, of course, on its ultimate size. I would guess that, on a module basis, each unit of 50,000 people would call for an expenditure of \$600 to \$700 million.

We've already discussed this quite thoroughly with some of the top industrial leaders of the United States and, without an exception, each agrees that this is the only practical solution to the population explosion problem.

In fact, we have already picked out a site for the first of these new towns, and we expect to announce its location later on this year. It will take anywhere from three to five years to do the initial planning but, after that, things should go quite rapidly.

Can you get financing?

I think the proposal is so sound

that there will be no problem of financing. I'm also convinced that, in time, the National Housing Act will be modified so that the FHA will be authorized to insure a project in its entirety—not just housing.

Do you see any role for your company in rehabilitating cities?

No. I'm not smart enough to cure a cancer. Most big cities are beyond recall and I don't agree with Dr. Weaver's urban renewal program.

It's wishful thinking, and I sympathize with him.

If he, and everyone else, will admit that all HUD is doing is getting rid of some slums, that's fine. I'm in favor of anything that will help get rid of slums, but it's not the answer to rehabilitating a city.

I just don't think that there's much you can do for Washington, Philadelphia, San Francisco, or any other comparable city. As far as New York is concerned, it's just beyond recall.

Isn't there any cure for cities like New York?

Sure, get rid of half the population. Stop building skyscrapers. Limit the height of all new buildings, and bar more people from coming into the city. Prevent all parking so that traffic can flow.

Tell the garment district to move out and stop their trucks from choking the roads. But you and I know you can't do that. Politically it's impossible.

Are any other startling changes in the offing for the building industry?

Yes, I think there's one that makes sense to me: A guaranteed annual wage. It would bring down labor costs and the price of homes. The public, the builders and labor would all benefit.

Now, every time it rains, a carpenter doesn't make a nickel. He's sent home. But when the weather's fine, he gets seven, eight, or nine dollars an hour for working.

It doesn't make sense. You can't produce anything of value with those kinds of prices.

If we knew in advance the annual cost of our labor force, we could at least do some leveling of the peaks and valleys.

Do you foresee a guaranteed annual wage in the building industry?

Frankly, not in the very near future. But I think it's so worthwhile a goal that it will be realized some day.

Maybe we'll be the first to work

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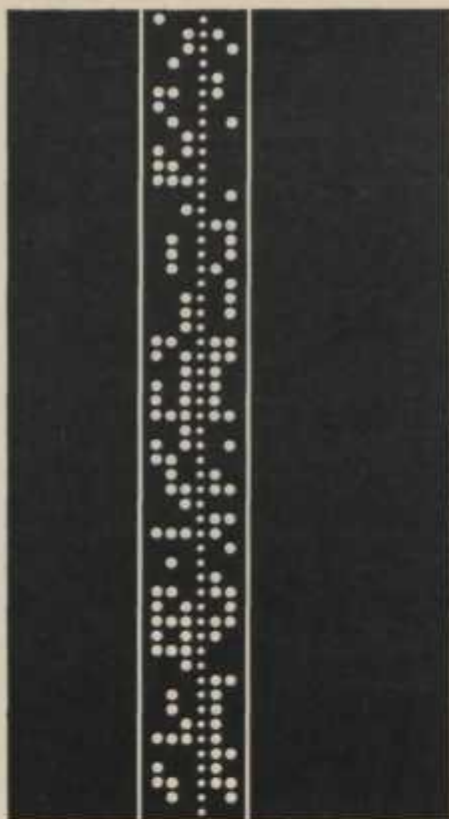
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LESSONS OF LEADERSHIP *continued*

it out. Though I don't think it will happen tomorrow morning.

How far do you plan ahead?

Our current thinking calls for a 20 per cent increase in business each year, compounded. That means that, at the end of five years, we will have increased our dollar volume 150 per cent.

We would expect that profits would increase proportionately, or perhaps a little better.

We adopted that program in 1965, but we just don't plan it and then sit back to see what will happen. We work to make it happen.

In 1965 we signed up commitments for all mortgage money that we would need in 1966 and, last year, when every builder complained about the lack of mortgage money, we had ours.

Why can Levitt and Sons get financing when other builders are strapped?

Lenders know that when they earmark money for us we are going to take it, and they make a firm commitment to do so.

So do we, and if we should fall down on such a commitment, I can assure you that we would be in the same boat as some of our colleagues are today.

When a bank lends us money, they aren't doing us any favors. We're buying the money the same as we buy lumber, and we pay the going price for it.

The housing industry today is still pretty largely dominated by small firms, isn't it?

Yes, 92 or 93 percent of all the housing produced in America is done by builders who produce no more than four or five houses a year each.

Will this be true 10 or 20 years from now?

I find it hard to believe. We must have larger building organizations to produce the type and volume of housing we will need. In addition, more and more housing will have to be done in brand new towns and cities, as I mentioned to you before.

What is the bottleneck, people with know-how?

Mostly that. We've found that getting an adequate supply of high-caliber talent is our major problem. We have had, and will have, a perpetual recruitment program that is

as sophisticated as any other phase of our business.

We have a professional personnel director whose job it is to quarterback this program, and we've used every medium—advertising, employment agencies, executive recruitment offices—to get the right kind of people in here. And we have been successful.

We pride ourselves on the quantity and the wealth of talent we've been able to accumulate over the past few years, and that's what has permitted us to open up these branch offices.

Without trying to be funny, we are No. 1, after all, and the right kind of people always like to be with a winner.

What qualities do you look for in a top-flight executive?

First of all, he has to have lived long enough to have acquired experience. That means he has to be around 40 years old.

Second, we like him to have a good education because he might have to get up and make a speech before some Chamber, and he certainly will have to know how to write a decent letter.

Third, he has to know this kind of business, and there are no schools to teach it. We found, therefore, that most of our top people were once in business for themselves.

What personal qualities are important as well as technical know-how?

I suppose this is the same in any business. A top-notch has to know how to get along with people and if he doesn't command the respect and loyalty of the people working with him, he and his crew will wind up as 9 to 5 clock-punchers.

What is most important in the success of a company like Levitt and Sons; merchandising, production, financial management, or what?

The answer is very simple. The same things that are necessary for General Motors, RCA, Ford, or anybody else.

First, we have to have a market for our product. RCA wouldn't produce 15 million TV sets if there were a market for only seven million. We have a market research department that is constantly working to know more and more about every fact and facet of our present and potential markets.

Second, we need trained people who know how to operate an as-

sembly line and, here again, the analogy to the automobile companies is obvious.

Third, design and product research must be done on a continuing basis. If the automobile companies were still producing 1920 cars, they wouldn't be selling very much today.

Then, obviously, you don't classify yourself as being in the real estate business?

Definitely not. We're a manufacturer of housing and all the amenities and necessities that go with housing. We manufacture roads, water distribution lines, sewage disposal systems, schools, shopping centers, etc.

We use lumber, nails, cement and real estate, as well as 100 other items.

We don't buy or sell real estate in any different manner from the way we buy or sell lumber, and so, without beating a dead horse, we are just not in the real estate business.

Is Europe as far ahead of us as we hear in planning and building complete communities?

It's not ahead of us at all. We read about a few scale-model towns there and then we say, "Look how advanced they are."

It doesn't take a genius to build a town the size of Central Park as, for instance, Tapiola, the model community of Finland. This has been touted all over the world as something for the world to follow, and yet, just listen to this: It covers only 770 acres, less than Central Park.

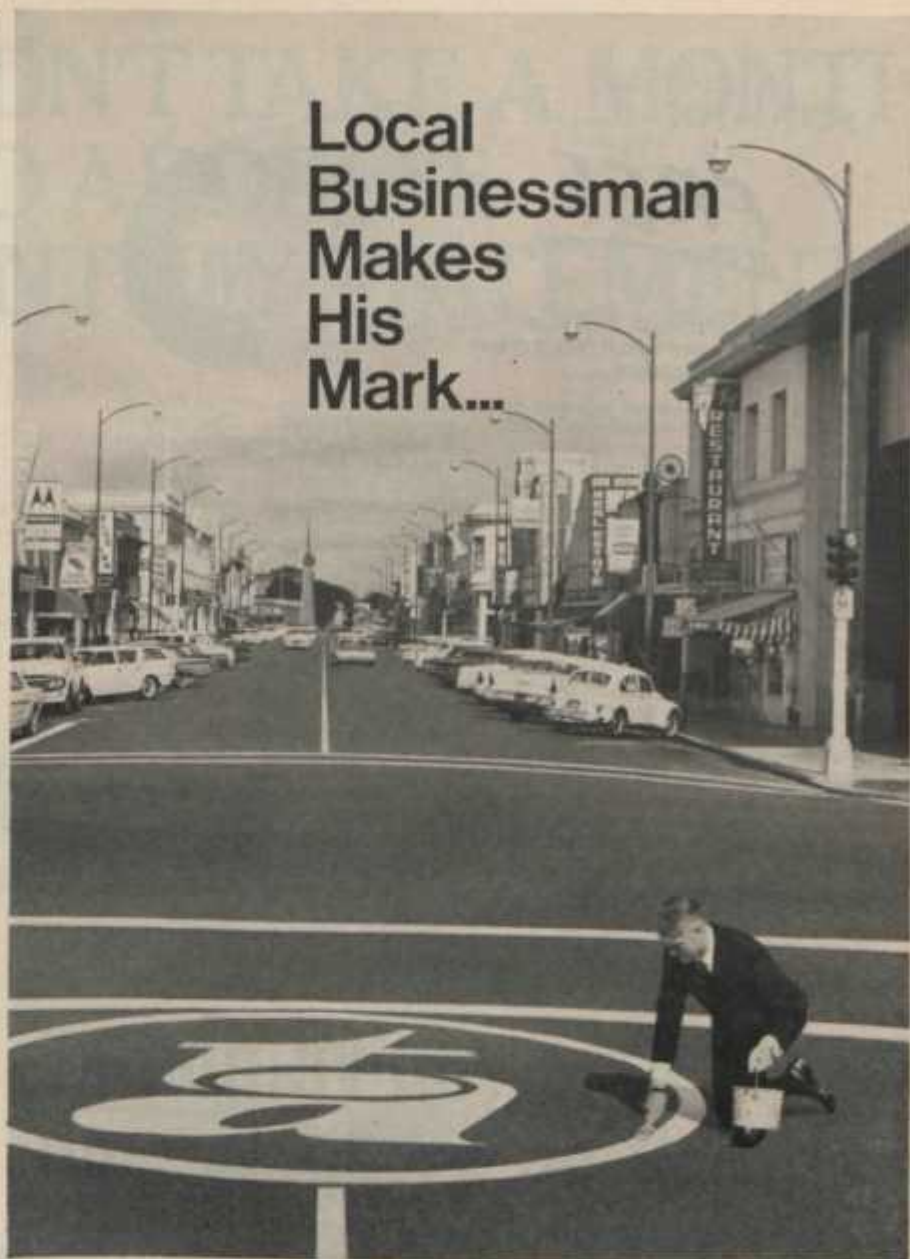
It was built primarily with government money or subsidies. It has a population of about 16,000, which is much, much smaller than dozens of the villages on Long Island.

It's 20 minutes from Helsinki, the capital of Finland, where most of its people work. So much for Tapiola.

Great Britain has also come out with its new towns, but all you have to do is ask an Englishman what he thinks of them. I think you will find that it's a little bit less than praiseworthy.

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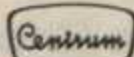
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MONDAY HOLIDAYS

Continued from page 45

recreation. Those who favor change concede it may be difficult to alter Americans' deeply ingrained attachment to traditional dates for traditional celebrations. On the other hand, this may be offset by the lure of several short vacations during the year.

Few exponents of uniform Monday holidays suggest tampering with New Year's Day or Christmas. Many remember the hornet's nest stirred up by Franklin Roosevelt when he proposed a different Thursday for Thanksgiving.

One of the supporters of Monday holidays is the National Association of Travel Organizations.

Travel stimulus

The organization notes that:

"Monday holidays would provide vacationettes which everyone needs to supplement his regular vacation. The long weekends would afford a break in routine which would provide an opportunity for people to engage in their favorite activity—fishing, loafing, visiting, sightseeing, etc.

"Enough of this activity would involve travel to serve as a stimulant to the travel business.

"The new money brought into communities through this travel would stimulate all business.

"The plan would strengthen rather than weaken religious observance of holidays since each 'holiday span' would include a Sunday to make church observance of the holidays possible."

Another supporter of the plan, John R. Park, president of Acme Markets, Inc., Philadelphia, says he feels the suggested change "is highly desirable, not only from the company's standpoint, but also for its employees and customers."

Monday holidays certainly would increase interstate travel. Thousands of travelers would take jets for vacation resorts or visits to friends and relatives.

By train, for instance, a traveler could board a sleeper in Chicago on Friday night and be in Denver or in New York the following morning. He could spend three days, make the return trip on Monday night and be at work on Tuesday morning.

Similarly, regular bus service on superhighways could provide three-day vacations to points far from home.

Most American businesses have

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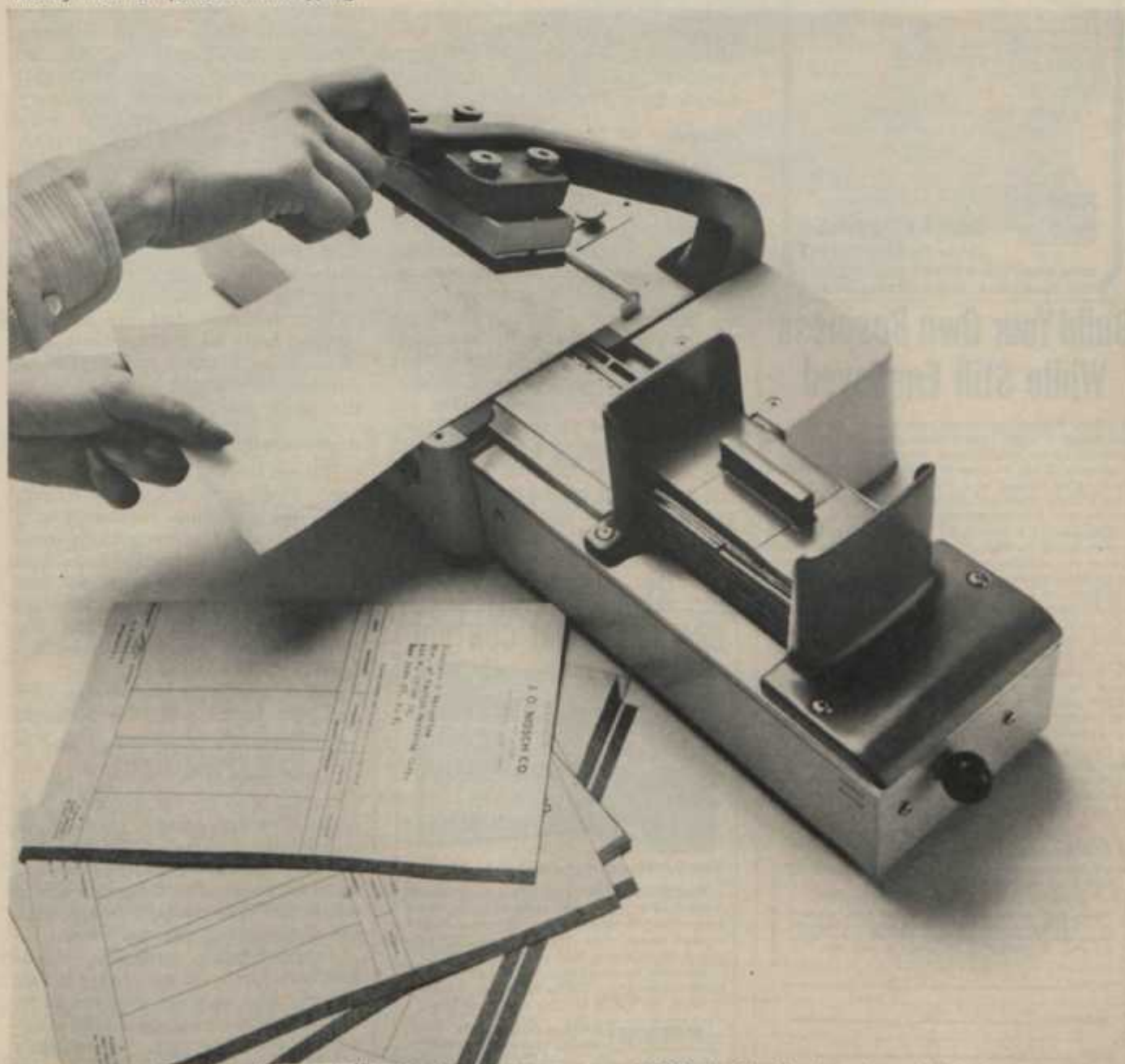
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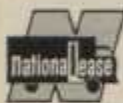
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G. F. Montee, after 12 months, sold his business for 10 times his cost. Leo Lubel sold his for \$7,116 more than he paid. L. Babbitt writes, "I average \$2,600 monthly, part time." W. C. Smith earned \$650 in one week. Ed Kramsky said, "In two years I have two assistants, a home and security."

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settled on the practice of offering employees six paid holidays—Christmas, Thanksgiving, New Year's, Independence Day, Labor Day and Memorial Day. Beyond that there are extreme differences in what individual business firms set aside in the way of paid holidays. Some also give Veterans' Day, for example.

In recent years there is a slight trend toward granting "new" paid holidays for such occasions as Good Friday, Christmas Eve, the day after Thanksgiving and for a "floating" holiday. A floating holiday is described as "a regular holiday deliberately scheduled by a company, sometimes with a union's cooperation [or pressure] to fall on such day as would be most beneficial to production scheduling to the employee." Almost invariably, when used, the floating holiday produces one or more long weekends.

Chamber of Commerce survey

The National Chamber survey showed, among other things, that businessmen are giving considerable thought to the holiday proposal. It drew the second largest questionnaire response in Chamber history.

Member business firms not only are for uniform Monday holidays but they are prepared to campaign for them. Responses indicated that employees of many of these companies similarly are eager to take advantage of the three-day holidays.

The president of a San Fernando Valley bank comments, "I queried our employees before answering the questions and I was amazed at the spontaneous enthusiasm for the idea. I think on a popular vote there would be a landslide in favor of

shifting the holidays to Monday."

Charles A. Smith, chairman of the board of Victory Markets, Inc., Norwich, N. Y., believes the switch would be particularly helpful to anyone dealing in perishable goods. Mr. Smith explains groceries and supermarkets would be able to "clean up" their perishables on a weekend with holidays falling on a Monday.

Food stores try to sell out all their perishables by Saturday closing, since they don't keep well over the weekend. Midweek holidays create problems because perishables have to be removed from display cases on the eve of holidays and returned when the store re-opens.

A wholesale grocer in Billings, Mont., favors Mondays off because midweek holidays are a "nightmare." He explains: "Delivery schedules to customers are very difficult to set up in any satisfactory manner when the holiday comes in midweek."

Thomas Butler, chairman of the board of the Grand Union Co., East Paterson, N.J., heartily endorses the proposal.

In his view, midweek holidays disrupt business and are unsatisfactory both to management and employees. "I think uniform Monday holidays would be beneficial in the entire retail field," he observes.

Airlines enthusiastic

Holmes Brown, American Airlines, Inc., vice president, says "Such three-day weekends combined with the new air fare reductions—one-half youth fares, family fares and excursion fares—will open up new horizons for millions of families all over America, truly making the United States one great neighborhood.

"We heartily endorse the idea and join forces with the National Chamber and all others who will help make this a reality."

A Mamaroneck, N. Y., manufacturer reports his company already "swings" some holidays to create long weekends. "We find that our production actually increases as compared with those occasions where the holiday falls in the middle of the week," he discloses.

Frank Staples, president of the SuCrest Corp., notes that Canada already has adopted uniform Monday holidays and suggests the United States follow suit. "It certainly

(continued on page 90)

GRAPHIC VISUAL CONTROL

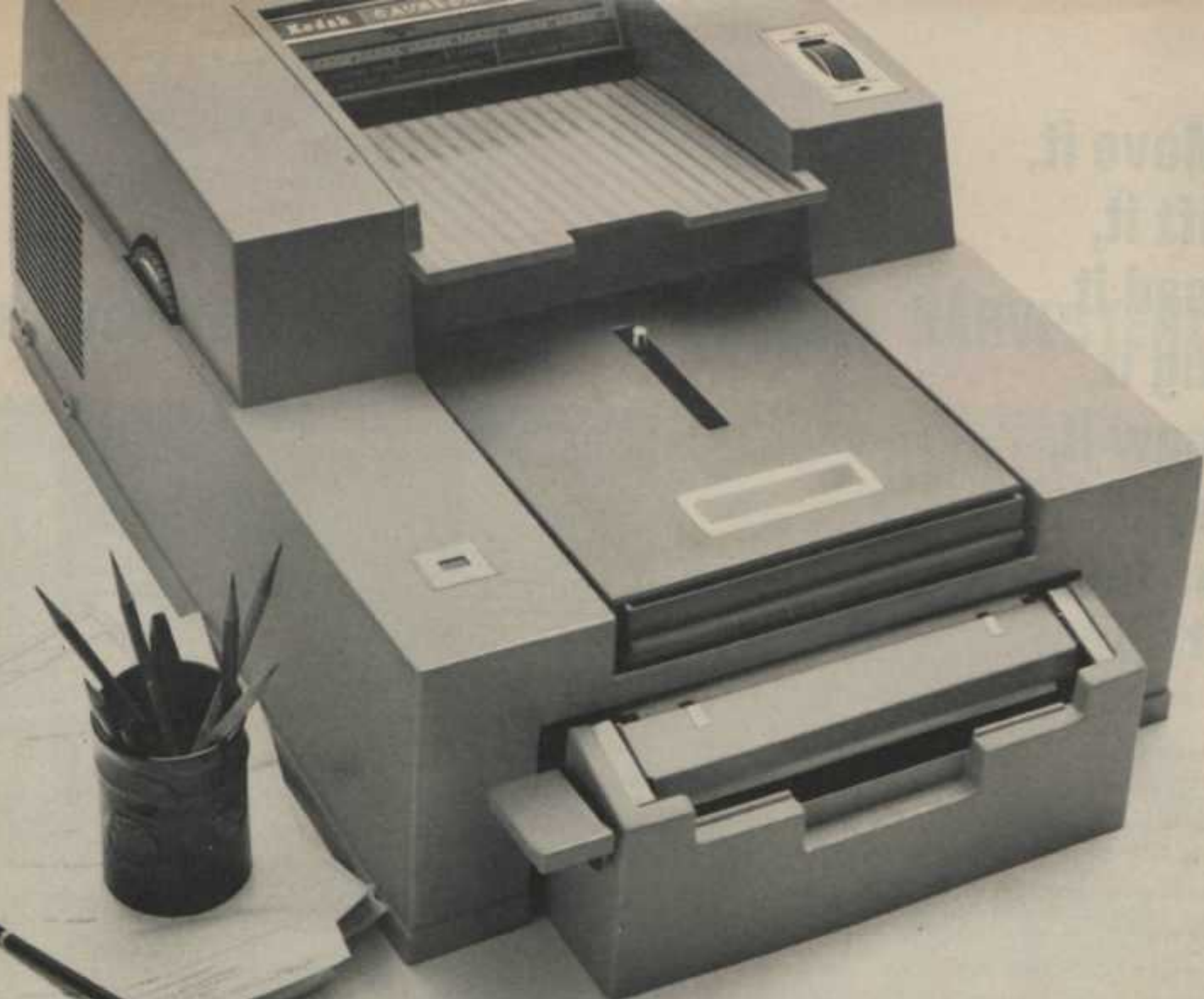


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RISE OF A NEW

It's not a city, not a county and not a state;
but business will feel its political impact

Chaotic growth has made a mess of most of our large urban areas.

Now a little-noticed and significant trend is under way to clear up the clutter. In the past year voluntary regional councils of local governments have been set up all over the United States.

The number of these relatively new political arrivals has leaped from 10 to 100. In the next year it is anticipated that still another hundred large, central cities will form regional councils with adjacent counties and the suburban towns which huddle around them, in some cases, like helpless orphans.

This political development has many economic overtones, of course, and will undoubtedly affect business operations in a variety of ways.

One or two more "metro" governments formed along the lines of powerful metros that are now operating in Miami-Dade County, Fla., Nashville-Davidson County, Tenn., and Toronto, Canada, may be created in 1967.

Increases also are expected in the number of contract arrangements whereby neighboring cities or counties share certain services or supplies on a regional basis. So, too, are the number of "special purpose" organizations, such as port authorities and school districts, which provide a service or operate a specific facility for a whole region.

What they do

The reason for all this boundary-hopping activity



J. Doyle DeWitt, board chairman, The Travelers Insurance Companies, is a backer of regional governments for congested urban areas like Hartford, Conn., (left). From The Travelers Tower Mr. DeWitt notes he cannot see man-drawn political boundaries (right). Boundaries can hurt, rather than help, in solving problems of pollutions, crime, communications. Regional attacks are needed.

POLITICAL FORCE

is this simple fact: As American man becomes more urban he creates more region-wide problems which do not stop at the borders he has drawn for his cities, counties, districts and states. Bits and pieces of urban living that regional organizations concern themselves with are multitudinous. They include:

- Fighting the pollutants of water, air and noise.
- Creating metropolitan area seaports and airports.
- Healthful disposal of area-wide sewage and waste.
- Increasing water supplies.
- Building housing, schools, hospitals and libraries which serve entire areas and not neighborhoods.
- Opening up parklands and recreational facilities.
- Improving and standardizing regional zoning.
- Removal of snow from arterial highways.
- Laying out transit lines and roadways with an eye to regions rather than to single cities.
- Unifying police and fire protection units, along with their communications networks.
- Unsnarling traffic.
- Simplifying and unifying building codes.

These regional organizations—in whatever form they take—do not necessarily assume powers of government or erode the principle of democracy that says the best government is that one closest to home. Although some tend to form a new layer of govern-

ment, others are totally unpolitical. Usually they are voluntary, with member cities and counties opting out or in. Or they can be nonoptional and tax-levying as in the case of metro governments.

They can be federations, unifications or amalgamations. All of them advise members, perform research and carry out planning.

There is little standardization and the size and scope of regional governments are still evolving. Estimates vary from three to 10 years on the time that will be necessary for a set pattern to emerge. However, there is no difference of opinion on their importance.

Local leaders show way

Increasing formation of regional governments is a major event in American political history. The current trend is particularly notable in that most of the initiative is coming from local leaders. This was already occurring when the Administration in Washington was bemoaning the purported lack of coordination, planning and consolidation of governmental functions.

People who operate regional organizations usually are mayors, councilmen, selectmen or lesser ranked local officials who hold mandates from the people

of their locality. Their guiding principles are that:

- Home rule applies in purely local matters.
- Regional governments should stick to area-wide problems.
- Finally — and importantly — the federal government, which bankrolls many regional projects, should keep a safe distance back and not involve itself unduly.

An example of an often attacked, popular political problem is air pollution. So long as pollutants do not become troublesome for a whole area, they must be dealt with locally. Once people in the whole region suffer from pollution, the regional council tries to persuade local authorities to clean up the problem. The council does research and offers advice. The federal government may supply money and advice to help clean the air, but work will be done locally.

A major reason for the growth in numbers and size of regional governments is the wide measure of welcome given them by local businessmen and industrial organizations.

The businessmen's role

Connecticut's capital city of Hartford was treading water in setting up a region-wide program to clean the once handsome old city, work out racial problems, refurbish the suburbs, get roads in where they belonged and build scores of new schools, until J. Doyle DeWitt, chairman of The Travelers Insurance Co., made a speech in June, 1963, which is now an historic utterance as far as Hartford is concerned. Mr. DeWitt came out strongly in favor of a regional attack on problems. In an oft-quoted speech he said:

"I offer you the tower atop the Travelers Building to provide the perspective which is sometimes the necessary forerunner of vision. As you look from the tower you can see no city lines; but rather a 360-degree pattern of open spaces; of residential areas; of manufacturing and industrial establishments; and finally at the center of the wheel the city of Hartford. There are no walls between our towns or between the various sections of the city itself."

After hearing that, wealthy men of Hartford and the cities in the area reached for their billfolds. The local Chamber of Commerce acted as secretariat and steering wheel

for progress. Today Hartford is putting together a regional council which promises to be one of the most effective in the country.

Why should business involve itself so deeply in regional matters? The question has many answers. A main one was brought out by Wilson C. Jansen, consultant to the Hartford Insurance Group and recently chairman of the Regional Advisory Committee. Large companies that have installations around the country, he says, need to have a good "base city."

Jansen explains, "We have difficulty attracting our better executives in from the field to the home office in Hartford to live and work unless this is a town at least as good as the one they live in already."

Why business cares

Businessmen from the Washington, D. C., area to San Francisco Bay were watching company-owned property slipping in value. They saw problems multiplying because solutions were dealt with piecemeal. Core cities, which still produce the commercial heartbeat, are deteriorating.

Business has a big stake in the development of regional government, especially the council form.

Councils are voluntary, and there is a traditional feeling of good-will among businessmen toward voluntary approaches. Councils do not create another layer of government and this, too, fits into the general desire of business to reduce bureaucratic blubber.

Still another advantage is that business people can maintain approximately the same relationship with mayors and commissioners that they had before the council was established.

The biggest advantage any type of regional government has—whether it is metro or council—is the added opportunity to pool and swap information with business.

Regional governments already are becoming great collectors of information. Much of this information is useful to business. Even now business and government exchange information on market trends, employment conditions, land uses, housing needs, directions of city development, crime, labor and manpower trends, retail information, need for new schools and the best location for them, transportation and water supplies.

In several areas business and regional governments already feed information into computer data banks and both get information back.

In areas where regional governments operate, business is finding it easier to deal with one agency which has standardized building codes, ordinances and licensing than doing business with two or three dozen. Savings in time and money are large.

Area-wide highways are a case in point. In one eastern area, typical of many communities, a major interstate highway ends at the city's edge, blending unhappily into the local street network, dumping four lanes of traffic into a two-lane road.

Retail business in the neighborhood is chaotic. The local council is bringing to bear all the pressure it can to get the bottleneck opened. Regional government pressure is usually more effective than the pressure a single town can bring.

Regional councils also can combat "spite" ordinances.

Some towns have these ordinances on their books which penalize certain businesses, if for no other reason, because they tread on the toes of established local concerns which swing big political bats.

Within one town council, it is difficult to get one of these ordinances off the books. But when spite ordinances are discussed in open forums by a collection of mayors and councilmen, they are often embarrassing, and are quietly rescinded.

Businessmen, along with local political officials, knew that unless someone acted soon to coordinate services and duties, the federal government might come roaring in with something more than money. The feds might eventually take over more control of local affairs by writing all the rules of the game.

There is little doubt about federal intentions. Enough has been said by Washington to justify this fear. However, it now appears that Washington favors such formations of regional governments. The reason: Washington wants to see more regional coordination of planning and actual improvement work.

Federal law now makes it possible for regional governments to bypass cities, counties, even states, and go straight to Washington with requests for funds to rejuvenate and rebuild.

In some cases regional organizations are directly called upon by

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Washington to study and comment on applications for improvement funds made by local governments within their general neighborhood. Plans must fit into regional schemes.

The Metropolitan Washington Council, for instance, has commented many times on applications submitted by nearby governments in Northern Virginia and Maryland which are not close enough to Washington to be council members. They are, however, in the general region.

Unfavorable comments might have blocked the funds.

Key federal measures which, to a large degree, handed the ball to regional bodies were the Housing and Urban Renewal Act of 1965, Federal Highway Act of 1962 and the Demonstration Cities and Metropolitan Development Act of 1966.

LBJ's view

Only a few weeks ago President Lyndon B. Johnson put his seal of approval on regional councils when he wrote the Metropolitan Washington Council: "When the local governments in an area are able to assume regional responsibilities formerly left to the federal government, all governments concerned are the stronger for it."

"The Council of Governments has demonstrated the willingness, and the capability, of its members to assume responsibility for regional problems. As the council has developed, it has become a heartening example of the ability of existing local government structures to adapt to the needs of metropolitan development."

One great fear which has plagued many public officials for years is that too much money sent to local communities has been misdirected through lack of coordination.

One graphic case was provided when Washington gave two counties money to build hospitals. One built in its southeast area and the other—which was directly to the south—in its northeast area. Hospitals, therefore, were only two miles apart.

The northern half of one county and the southern half of the other were left without hospital facilities.

Sentiment for regional governments got a fine airing last fall when the International City Managers Assn. met in Phoenix, Ariz.

One difference of opinion among city managers and others is the de-

gree of influence states should exert over regional groups. Some believe that one day the role of states will be so reduced they will become largely ceremonial levels of government. Others even predict that states eventually will disappear. They see federal "administrators" appointed to 30 or 35 federal districts to deal with regional governments and with cities.

The Connecticut state government is moving in protective directions. The General Assembly, a year ago, appointed a special non-partisan study group to look into metropolitan and regional government.

On the strength of recommendations, the General Assembly will probably consider setting up what are, in effect, state branch offices in each of the 169 incorporated areas of Connecticut. They would work with regional governments and also make certain the state plays a role in developments.

The Chamber of Commerce of the U. S. has a program aimed at modernizing local government, the "working level" of our federal system. It believes political groupings should have a large enough area and population to maximize efficiency and economy and should have authority to work with neighboring governments or to consolidate to meet area-wide public needs. They also should have the power to raise revenues.

The push for modern local government is being coordinated on the national level by the Chamber, National League of Cities, National Association of Counties, International City Managers Association, Conference of Mayors and the Federal Advisory Committee of Intergovernmental Relations.

The National League of Cities and the National Assn. of Counties have issued formal statements endorsing councils as the best approach to regional problems. The Conference of Mayors supports regional councils and has helped them win support and funds in Washington.

Texas is among the most enthusiastic states. It uses councils as a means of communicating with cities and local leaders. Connecticut, among other states, approves regional approaches. Georgia is considering legislation which would make councils possible in all metropolitan areas.

The idea of metro government

itself is certainly not new. The borough system of New York City is a kind of metro, and it has been in existence for decades. Back in 1925 the first bill was presented to the Ontario legislature to create a Toronto metro. Over 25 years passed before the metro was organized.

The Toronto metro, with its compulsory, lawmaking, tax-levying features, was to a large degree the model for the Dade County, Fla., and Davidson County, Tenn., metros.

Regional council concepts got their biggest boost in 1954 when Detroit and towns in the area around began pooling some of their information, money and resources. They attacked pollution and regional crime.

In 1956 New York City, already a metro-type government, tried a council that would take in a still larger area. It has yet to get up speed because suburban areas seem to fear domination by Gotham. However, Mayor John Lindsay may now be breathing added life into the council.

In 1957 the Washington council was launched. In many ways this is the least known, most complex one of the lot. Walter A. Scheiber is executive director. His area takes in all of the District of Columbia, 13 nearby counties, plus cities in Virginia and Maryland.

The council also has now gotten, through persuasion with member governments, a standard plumber's code for the area. There used to be 13—one for each of the 13 separate political entities in the area.

Bigger than Rhode Island

Areas covered by some regional governments are tremendous. The Assn. of Bay Area Governments covers almost 7,000 square miles. It is larger than the states of Rhode Island, Delaware, Connecticut or Hawaii. Distance between its outer limits is 150 miles.

More than 4.5 million people live around the shores of San Francisco Bay, more people than 35 states have. There are more units of local government in the area than there are in 18 of the states.

The Southern California council covers 141 cities.

Advanced as the United States may be in setting up regional governments recently, it still lags behind the United Kingdom. There a Royal Commission is expected in the next few months to come up with a reorganization plan for all local governments. **END**

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How to live a fuller life

We're in hot water on a world-wide basis because millions of blind, unquestioning people have been taught to feel passionate about communism and socialism, even though these "ism's" have only a sterile, Godless type of "security" to offer.

We have a truly great and noble pattern for living, but we cannot possibly experience total success as total people until we understand and practice these privileges with commitment and passion.

The whole concept of successful living which we are building on can be reduced to one general premise: Study, become knowledgeable, set targets and goals and then systematically lay the building blocks for the creation and growth of vitality, ebullience, zest, and pleasure.

JOE BATTEN and LEONARD C. HUDSON, coauthors of this article, are management consultants. It is condensed from their forthcoming book, "Dare to Live Passionately," copyright © 1966 by Successful Living Institute, to be published by Parker Publishing Co., Inc.

Mr. Batten is president, and Mr. Hudson, vice president, of Batten, Batten, Hudson & Swab, Inc.

—making sure that the particular building blocks are specific techniques for getting out of ourselves and into the minds and hearts of others to provide them with insight, courage, compassion, mental enrichment, emotional strength, toughness of mind—in short, a total lift of spirit. This is based upon a fundamental principle, "It is impossible to get more than you give."

It's impossible to give too much. The cynic can go right to this point and say, "Wait a minute, I earned the money that I have; I'm not about to give away everything that I own, my house, my car, and all my worldly goods." This is not what we're talking about at all. It's much easier to give this kind of thing than it is to give of self. It takes a much bigger person, a stronger, more dedicated and disciplined person continuously to give to others that which is most precious, most rare, and most valuable—himself.

The key to success

Time and again when we have issued the challenge to people of various occupational backgrounds, dispositions, heights, weights and

ages to devote every waking moment to reaching out and building other people, these people have come back months, weeks or years later and said:

"I wonder why I didn't discover this myself. It's all so simple. I was looking somehow for a complex answer to happiness, some kind of a devious system or set of mystical formulae, some magical button to press so happiness would turn on inside of me.

"Instead I have found that all it takes is to get up each morning deciding that I will give a little bit of myself to every person that I come in contact with. This has made my life abundant and rich—physically, mentally and financially, beyond my wildest imagination of some months ago."

In the final analysis, those of us who set about to get are going to run smack up against this cold, blank square at the end of the corridor called futility. Let's recognize it now and resolve that we will never be caught in the labyrinth of a meaningless, purposeless way of life.

Seeking real success without a personal battery of positive values is like trying to look healthy solely through the use of cosmetics. Tough-minded living requires sincerity, sensitivity and warmth. It must come from the heart and the only way in which one builds a strong and powerful mainstream between the heart and the mouth is through a strong and pervasive channel called the mind—the irreplaceable vital force.

Making faith work

At the very core of the tough-minded man is faith. Time after time in the business maelstrom, tired, dispirited, jaded executives have reviewed their accomplishments only to recognize that, while the sum total of their work has yielded material rewards and abundance, it has failed to provide deep

down satisfaction. Most often the missing ingredient is the sort of abiding faith that supports a man in every facet of his life—a belief in God that transcends day-to-day material considerations.

Is this theory? Is it pious posturing? No. To lead others effectively a man must first know himself, and to know himself he must have faith. He must know how to lose his self-preoccupation in a deep, personal commitment to eternal truths and values to his God.

Tough-minded people must continuously communicate by both work and example that profit is essential, that it is honorable and that it is impossible to generate too much of it as long as the full requirements of management by integrity are met.

But even more challenging, he must blast the fallacy that you must compromise integrity to run a truly profitable business or home—this is an absolute lie and an inexcusable fallacy.

The reverse is true in spades. Companies will always make more money when they develop the full arsenal of the tools of enterprise with the strongest emphasis on dynamic, personal faith.

Many of the beliefs of our pioneering ancestors have become old hat, sacrificed on the altar of fakery and sham. These include:

- Courage to work for what you want.

- Candor—to call a spade a spade.
- Courage to label fakery and phoniness for what it is.

Are these glittering, meaningless indictments—is this the kind of finger-pointing we have frowned on? No. Some actual examples of some of the degeneracy which seems to be swelling in this nation are:

1. The rise of juvenile delinquency as a product of our permissive methods of child rearing since World War II. Switch-blade and black leather jacket types are not going away—they are increasing.

2. Movies and television programs which glorify the mentally bankrupt people who mumble and solve most problems by snarling and saying, "So help me, I'll kill ya." This is what we are purportedly trying to avoid developing in our children. Without a rape, incestuous or homosexual scene, most movies are currently considered bland and tepid.

3. The constant search for an "angle" to get rich quick even if it involves "breaking it off" with others. An angle is rarely justified unless it is toward a positive end.

4. The willingness to surrender individuality for a government dole. When an able-bodied man seeks subsistence and sometimes even riches from the government without turning a tap, this is phoniness of the most blatant kind. This kind of search for security is indeed built on sand.

It has even become very unpopular in many quarters to criticize the proliferating government hand-outs. The tragic fact is that many people simply don't know what is wrong with this limp pandering; they don't see that this reduces their future security to a foundation of gelatin.

5. The willingness to settle for mediocrity. Listen to the blaring, brassy, insipid, sickening music on the "top 40" which comes over the air waves. Researchers tell us that these musical offerings are aimed at the 12-year-old level. All it appears to require to be a star is a goatee, atrocious grammar, tone-deafness and utter contempt for melody.

6. The apparent decline of manliness. For instance, stand on a corner in New York for about two hours. How many men will you see walk by who have their chest out are well-groomed, physically fit and who are not defensive or overly aggressive?

Or shift the scene to some medium-sized Midwestern city and ask

20 men whom you meet, just what they intend to do to get ahead. Many of the answers will be predicated upon getting something for nothing.

Living a whole life

Here is a list of some of the principal qualities for the passionate, tough-minded person who is not going to be satisfied to live anything less than a whole and successful life.

1. No matter how you may dream, no matter how you may plan, no matter how you may wish and yearn, no matter what your heredity may be, no matter what your circumstances, you have got to be able to turn the key in the ignition with self-discipline. Discipline is defined as "training which builds, molds and strengthens."

2. You must recognize that developing and maintaining maximum physical fitness is an important requirement for both mental health and total financial success. Convince yourself that this kind of fitness is not self-indulgence—when you don't look well, you don't sound well and you don't do well.

Your family suffers; you suffer. Your employees suffer; your subordinates, your superiors—everybody around you in some degree suffers when you do not feel in top-notch physical condition.

So recognize how practical it is to know when to quit eating, to drink in moderation and to learn the thrill of exercising, so that you can approach your work, the transfer of your philosophy and principles into practice, in a very fit and optimum way.

3. Enjoy life and let people know it. The dour, scowling and formidable executive in a business accomplishes little by this behavior except ulcers for his staff and himself.

4. It is important to develop a broad and varied spectrum of interests and activities. There are

people who feel that pouring all of their energy into one particular interest or hobby is the path to real happiness. This can be the path to a certain kind of satisfaction, but not the path to real total happiness.

The more broadly you have prepared to expand as a total person, the more zest you get from the varied, shifting and ever-changing challenges of life.

5. You must either develop or move toward a personal faith. You must visualize religion as a personal thing, a way of living, and be tolerant of others.

Without faith, life becomes a meaningless series of attempts to put more into your stomach, to surfeit yourself with the physical and material comforts of life.

6. You should never apologize for a thing before doing it; apologize only when you know you have not done your best. You will then find very little reason to apologize.

The plus of positive thinking

7. Take a stand and build into your every action, your every attitude and every reaction the belief that negativism is never justified. You must realize that, while there are pluses and minuses in every situation, the minuses can always become pluses if you have the dedication, the discipline and the commitment to positive living and thinking.

8. Always search out and ask for the "why" of any major undertaking and make sure, in order to get the cooperation of those who work with you, that you vigorously and consistently supply the "why" to them. Real motivation, real energy and commitment is pretty difficult unless they understand why they should give you this kind of commitment and cooperation.

9. Base your decisions on facts and, once you have the facts, set your goals and set a timetable, do not let the little man or the little person stand in your way. Lift him up and propel him onward. Wrench him around sharply if you have to.

10. Be your own man and recognize that, while humility toward God is essential and that your own skill and confidence increases in direct proportion to this surrender, this in no wise carries over into your relations with other people.

If you develop a deep and sustaining self-confidence, if you have the proper humility with God, you will almost never be accused of

any type of arrogance or exploitation with your fellow man.

So cast the word humility out of your vocabulary in your relations on a day-to-day basis with your fellow man because it has no place in your relationship with mortals. Cooperation, respect, love—yes, in abundance—but not humility.

11. Stay completely and eternally unsatisfied with your abilities as a communicator. Strive in every way that you can think of, in addition to the ways that are outlined in here, for achieving greater eloquence in communicating your philosophy, your principles and your practices to all of those around you. Recognize that few, if any, of us have come close to our optimum abilities as communicators. Accept this as a challenge; work at it. Study books on vocabulary; set up "think" sessions at home.

Never stop learning

12. Be impatient with negative statements like "You can't teach old dogs new tricks." Modern research shows that if a person is healthy in body and has a normal mind he can learn until the day he dies.

So, again, get rid of this particular crutch if you've been using it as one. Whether you happen to be 20 or 60, resolve to learn new things until the day you die and be assured you can.

13. Slice right to the heart of problems. Recognize that the roundabout way, the subtle way, the oblique way, is simply a waste of your time and the time of others and this is the kind of privilege or license we cannot take with the time of others.

14. Recognize that life without work is a short cut to deterioration. When we do not have something that makes our hearts beat rapidly, that makes our senses quicken, we do not force the blood out to our extremities and we begin to dry up and wither from the outside in.

Many times the kind of person who dies way before his time is the kind of person who has tried to conserve his energy, who has believed in "the bland leading the bland." The bland life—the life where one seeks to avoid stress, seeks to avoid hard work, seeks to avoid the big challenges of life—can literally lead to an atrophying, a drying up of the total body.

15. Recognize that a broad and

varied fund of knowledge equips you not only to be a better generalist in the business of living, but makes you also a better specialist in many ways; e.g., if you are now a personnel director and you want to be a better one, then learn more about manufacturing, learn more about purchasing, learn more about buying, learn more about selling.

16. Be proud of your way of life. Make sure that you understand the Constitution; make sure that you recognize that this Constitution was created as a system of law for the practicing of the Ten Commandments in our United States.

Make sure you recognize the excellence of this way of life compared with other ways of life throughout the world and then talk about it. Let other people in your community and in your home see and hear this.

Wit vs. wisdom

17. Be sure to distinguish clearly between wit and intelligence, or between wit, intelligence and wisdom. Intelligence is something with which we are to some extent innately gifted when we are born. Knowledge is what we feed that intelligence with.

Wisdom is the grindstone of experience; wisdom is what we achieve through using this basic intelligence and this acquired knowledge to achieve real insight into what life is all about.

18. Just one example is: True happiness will always elude you until you learn to get completely out of yourself, build and give. Strive for a balanced existence, with the full knowledge that a personality can become lopsided.

All work and no play not only makes Jack a dull boy, but a pretty unsuccessful one. All play and no work can certainly make him dissolute and a soft, confused playboy.

19. Stay impatient with yourself if you still have the feeling that a harried expression and an ulcer are signs of success. Recognize that you're going to have to grow up and mature beyond this or you'll never succeed.

20. Be satisfied with nothing less than full success as a whole person.

END

REPRINTS of "How to Live a Fuller Life" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Prices: one to 49, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

Don't throw the baby out with the bathwater.

There's a funny thing about the American economy. Ask any two economists what makes it tick and you've started a debate.

Because, the simple, ingenuous truth of the matter is this: nobody really knows or agrees on all the influences that combine to give it muscle. Or, where all its weaknesses may lie.

All you'll get agreement on is that it seems to work. It has produced the broadest and most abundant prosperity in all the histories of man... the highest standard of living for the greatest number of people.

The heart of this restless, surging, vital economy is and always has been: free competition. That's what has distinguished it from the managed economies of the Old World... economies managed either by government or by cartel.

Competition has been the sharp spur that has produced the incredible variety of products and services we have today. It has produced the endless innovations that have made life easier to live. More enjoyable. More rewarding.

It has encouraged manufacturers to build more things... and build them better... and at lower prices. They have to build more and better... and the prices have to be right... or the consumer stops buying. Because, the other side of free

competition is your free choice in the marketplace.

This is the astonishing power of the American consumer. He can make or break the largest businesses with a nod or a shake of the head. He has the choice. He has the ballot of the dollar.

That's why it is disturbing to find people of influence in America today who would like to make both free competition and free choice a little less free.

They may concede that the system has produced some great results but they'd like to "fix it a little."

There are too many kinds of olives, they say. Let's standardize.

Company "A" spends more on advertising than Company "B", and that's unfair competition, they plead. Let's regulate.

Yet, our system was built on exactly the opposite kind of thinking.

Regulation doesn't stimulate competition. It tends to make all products the same.

How much can you interfere with the competitive economy, which has brought us so many benefits, without damaging it? The truth is, nobody knows. The "Little" fixes may someday add up to quite a lot.

Of course, any economy needs some regulation—
but let's be sure that we don't
throw out the baby with the bath water.



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A WAY OUT OF THE TAX THICKET?

A well-known tax expert tells
how to cut through duplication

The Ninetieth Congress, wrestling with the Great Society, red ink, and other national issues, faces another that has a major impact on U.S. business.

Namely, how to regulate the taxes which states—and localities—levy on interstate commerce.

Business firms that sell in more than one state face staggering tax problems. For example:

Nearly 40 states impose sales or use taxes on products sold within their borders. But that's only the beginning. More than 2,300 localities—cities, towns, villages—levy similar taxes of their own.

And sales and use taxes are only part of the problem. In addition:

Capital stock taxes are levied by 37 states.

Gross receipts taxes by eight states and 1,000 localities.

Corporate income taxes by 28 states and more than 100 local governments.

And everywhere a tax is levied, a return generally must be filed.

LEONARD E. KUST, author of this article, is vice president and general tax counsel of Westinghouse Electric Corp., whose testimony is sought by Congress on tax matters.

Business firms with customers all over the country—or in even a handful of states—need many clerks, or sophisticated computer programing just to prepare the information needed for a tax return, not to mention skilled tax specialists to interpret the laws.

Nor is this all.

Present laws often leave unanswered questions such as these: How much tax does the firm owe? And to whom?

To add to the chaos, many states or localities employ different yardsticks to determine who is liable and how much taxes they must pay.

Congress attempted to solve this critical problem at its last session—but without success.

Finding a fair way out of this tax thicket is now the task that confronts the Ninetieth Congress.

Congress first officially recognized its responsibility to regulate state taxation of interstate business in 1959. In response to the clamor of business groups for protection from overlapping state and local taxation it enacted P.L. 86-272. This action came on the heels of two critical Supreme Court decisions: *Williams v. Stockham Valve and Fittings, Inc.* and *Northwestern States Portland Cement Co. v. Minnesota* earlier in that year.

In these cases, the Supreme Court upheld the jurisdiction of Georgia and Minnesota to tax the income of out-of-state companies which shipped goods to customers in those states. In each case, the court found that the company maintained a sales solicitation office in the state and that the income of the company was apportioned to the state in accordance with a reasonable formula.

But while the majority of the Supreme Court found no constitutional violation, Justice Frankfurter dissented. He called attention in strong terms to the burdens imposed on interstate business by the need to comply with the tax laws imposed by multifarious jurisdictions, lacking uniformity in apportionment formulas and definitions. He appealed to the Congress to intervene under its constitutional power to regulate interstate commerce.

Congress responded with P.L. 86-272. It was designed merely as a stopgap. It fixed jurisdictional standards, somewhat obscurely defined, which a state must meet before it could tax the interstate income of a business incorporated outside its borders.

Furthermore, the bill instructed the House and Senate to study and report to Congress the need for any additional action.

In 1960, the Supreme Court decided *Scripto, Inc. v. Carson*. This decision upheld the power of Florida to require an out-of-state firm to collect the state use tax from its customers in Florida—even though the goods were shipped in from outside Florida and the firm's only other connection with the state was having independent brokers to promote its sales there.

Congress then amended P.L. 86-272 to add sales, use and other taxes to the scope of the study.

After years of study, the special subcommittee of the House Judiciary Committee published its findings in 1964 and 1965.

In fall of 1965 Chairman Edwin E. Willis (D-La.), joined by all the members of the subcommittee, introduced a bill proposing sweeping action by the Congress.

The bill, H.R. 11798, alarmed many and appeared to please no one. Weeks of hearings last spring produced an almost unrelieved parade of critical witnesses. After a reappraisal the subcommittee and the Judiciary Committee approved a substitute, H.R. 16491, which drastically curtailed the action to be taken by the Congress. This, too, failed to win popular support and was not acted on before the House adjourned last fall. What went wrong?

Both bills failed to find the golden mean.

The first, H.R. 11798 was an overzealous effort to solve every problem. It tried to do too much.

It laid down a comprehensive set of rules to establish jurisdictional, apportionment and definitional standards for all income, capital stock, gross receipts and sales and use taxes. It also provided a cooperative structure for interpretation of these rules.

And in the case of sales and use taxes, it called for audits under the administration of the U.S. Treasury Department.

The second bill, H.R. 16491 didn't go far enough.

It abandoned all provisions for cooperative administration. It also restricted itself to fixing jurisdictional standards and an income apportionment formula only for interstate corporations with a net income of less than \$1 million.

It left untouched—but subject to Congressional surveillance for five years—the problems of interstate businesses with annual income in excess of \$1 million.

Those affected by this legislation feel strongly about the issue.

State tax administrators, for example, have been adamantly opposed to any action by Congress.

On the other hand, some business groups are insistent on a sharp curtailment of the states' jurisdiction to tax interstate business.

Still others, including primarily large business firms, are less concerned with tax jurisdiction as such. They are chiefly concerned over two things:

A uniform apportionment formula and problems which cut across jurisdiction and apportionment such as the taxation of intercorporate dividends, foreign income and the consolidation of the incomes of related companies comprising a "unitary business."

Unfortunately H.R. 11798 managed to offend all groups.

Support from state tax administrators was hardly to be expected. But in proposing substantial Federal administration of income and sales and use taxes, the bill, apparently unwittingly, gave the states the opportunity to stand up against "unnecessary" Federal intrusion.

At the same time the bill incurred the wrath of most business groups. It did so by indorsing a two-factor income apportionment formula based upon property and payroll within the state over property and payroll everywhere. Thus, it turned its back on the now generally applied three-factor formula, which also uses sales in the state over sales everywhere.

To make matters worse, it failed, too, to deal satisfactorily with the foreign income, intercorporate dividend and "unitary business" problems. Thus, while most business groups supported Congressional action, they objected to the action proposed in H.R. 11798 and joined tax administrators in opposing it.

Then in an effort to please all, the House subcommittee fashioned the compromise bill H.R. 16491, which also failed to pass.

In spite of last year's failure, Chairman Willis has made clear his determination to press for action as soon as possible in the new session of Congress.

Will the compromise bill succeed? The opposition of state tax administrators continues unabated. They take credit for bottling up H.R. 16491 in the House Rules Committee last fall. The differentiation between

"small" and "large" business inherent in the bill is repugnant to many. It may also raise constitutional questions under state uniformity clauses which might compel states to apply the same jurisdictional standards and apportionment formula to all corporations that apply by federal law to corporations having incomes under \$1 million.

Businesses with incomes under \$1 million presumably are pleased and will support the bill. But businesses which are not covered have only an academic interest—or the hope of additional future favorable action—and will perhaps give the bill only token support.

Of the subcommittee members who took part in the hearings on H.R. 11798 and the framing of H.R. 16491, only Congressman Herman Toll (D-Pa.) has not returned. Similarly only four members of the House Judiciary Committee are not members of the new Congress.

Having passed H.R. 16491 last year it is to be anticipated that these committees will resist any change.

State tax administrators, if it was their doing last year, cannot hope to hold the bill in the Rules Committee indefinitely this year. Hence enactment by the House may be anticipated.

The crucial question is what will happen when the bill is considered by the Senate Finance Committee.

The members of the committee and the staff of the Joint Committee on Internal Revenue Taxation, which it is understood will provide technical assistance, are not expert in state taxation. However, they all have a sophistication about tax legislation which will lend a new dimension to their approach toward Congressional regulation of state taxation of interstate commerce.

The Finance Committee will undoubtedly hold hearings on the House bill and the inherent conflicts will be aired again. But will they tend to be resolved or will they harden and paralyze any meaningful action?

Some doubt has been expressed that the bill in its present form can command the support necessary for Senate Finance Committee approval and Senate passage.

State administrators may be unable to prevent passage in the House but they will have a new forum in the Senate. If they use

their opportunity wisely to address themselves to constructive changes, they may obtain significant changes such as inclusion in the jurisdictional standard of stocks of goods for sale regularly maintained in the state and additional liberalization with respect to the imposition of the obligation to collect use taxes.

The distinction between "small" and "large" business may be distasteful. However, if the businesses now excluded are to get some relief from the present compliance burdens, inequities and complexities, it would appear that they will have to accept the distinction. At the same time, they will have to abandon for the time being their insistence on Congressional clarification of the taxation of foreign income, intercorporate dividends and "unitary" businesses. This demand would sharply increase state opposition to Congressional action.

Large business and state administrators agree in their support of a three-factor apportionment formula.

Large business will probably not support Senate action unless at the least a uniform three-factor formula is provided for them.

Lacking such action by the Congress the states will continue to enact the Uniform Division of Income for Tax Purposes Act. Twelve states have already done so.

While it provides for a three-factor formula, the Uniform Act has a number of provisions with which business strongly disagrees.

In any event, enactment by separate state legislatures has already resulted in amendatory departures from uniformity.

If the Congress were to impose a three-factor formula for corporations having income in excess of \$1 million, as well as a two-factor formula for those with incomes under \$1 million, there should be no constitutional problem under state uniformity clauses, since Congressional action establishing rules for both classes would effectively override such clauses.

The states cannot seriously object to Congressional enactment of a uniform three-factor formula since they are seeking this themselves through wholly inadequate means.

Finally, it would appear that if the small businesses which are the primary beneficiaries of the high jurisdictional standards and the two-factor income apportionment formula contained in the House bill are to attain these benefits through final Congressional action, they will be well advised to yield ground if the states will accept uniform standards.

Thus, with the exercise of some restraint and the judicious yielding of some prior positions by each of the three major protagonists—state tax administrators, "small" business, and "large" business—action may yet be taken by the Congress which will benefit all three.

Solutions to all the problems will not be provided, but the Congress is proposing to act decisively in this area for the first time—and it must make a beginning somewhere.

END

WHO'S REALLY RUNNING NEW CONGRESS

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ly, and it's likely medicare will be called in for a checkup and perhaps to broaden the coverage as L.B.J. proposed. Ways and Means alone may need three months to turn out a social security bill.

The much-heralded Trade Expansion Act, enacted back in 1962, is due to expire June 30. Ways and Means and Senate Finance will see that it doesn't. But you can expect careful scrutiny.

The interest equalization tax expires June 30, and the committees and Congress will have to decide whether to extend this tax of up to 15 per cent on Americans' purchases of most foreign securities from foreigners.

Also, they'll have to look at sus-

pension of the investment tax credit and accelerated depreciation of buildings. This suspension is slated to last until the first of 1968. But a decision on whether to lift it before that date, to continue it beyond then or to let it lapse as scheduled will have to be made in the current session.

And if there's too much heat in the economy, the committees may be called on to cancel excise tax reductions that would automatically take place the first of next year.

Senate's key men

The power structure in the Senate has not changed. Still the single most influential Senator is Richard B. Russell of Georgia, chairman of



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WHO'S REALLY RUNNING NEW CONGRESS

continued

the Armed Services Committee, second ranking Democrat on the Appropriations Committee behind aging Chairman Carl Hayden of Arizona, and a leader of the "conservative" bloc.

Senators John L. McClellan of Arkansas, Warren G. Magnuson of Washington and Russell B. Long loom as key men, the latter primarily because of his chairmanship of the powerful Finance Committee and to a lesser degree as Sen. Mansfield's deputy.

Senators McClellan, chairman of the Government Operations Committee, and Magnuson, boss of the Commerce Committee, wield influence on legislation far beyond that which comes before their committees.

Influential, too, are Senators Robert Byrd of West Virginia, George Murphy of California, Vance Hartke of Indiana and Fred Harris of Oklahoma to a degree greater than their seniority standings.

The guns vs. butter issue focuses the spotlight anew on Sen. Russell and Rep. L. Mendel Rivers of South Carolina, chairman of the House Armed Services Committee.

Rep. Rivers, a tall, silvery-haired Congressman, last session verbally paddled Congress, demanding that it take back from the White House its responsibilities for legislating.

Sen. Everett M. Dirksen of Illinois is still top hand among Republicans and chief spokesman. Those to whom he listens carefully are Senators Milton Young of North Dakota, Bourke B. Hickenlooper of Iowa and George Aiken of Vermont.

Sen. Hickenlooper, a taciturn Iowan, is chairman of the Republican policy conference. He carries far more influence with Sen. Dirksen than is generally known. The same is true of Senators Thruston B. Morton of Kentucky, Frank Carlson of Kansas, John Sherman Cooper of Kentucky and Paul Fannin of Arizona—all of whom are on the quiet side, but extremely effective behind the scenes.

At 89, Sen. Hayden, the senior member of Congress, has slowed considerably. He still keeps an iron rein on his Appropriations Committee but is inclined to lean heavily on his senior subcommittee chairmen: Senators Russell, Allen J. Ellender of Louisiana, Lister Hill of Alabama, McClellan of Arkansas, Warren Magnuson of Washington, Spessard L. Holland of Florida,

John Stennis of Mississippi, John Pastore of Rhode Island and A. S. (Mike) Monroney of Oklahoma. Most of these are also chairmen of other powerful, standing committees.

The Congressional straw bosses are frank to admit they have a new breed of freshmen on Capitol Hill.

Freshman Senators such as Charles Percy of Illinois, Mark Hatfield of Oregon, Howard Baker of Tennessee and Edward Brooke of Massachusetts are of such stature already that they can't—and won't—be back row wallflowers in the old tradition.

Where the deck's stacked

November's elections did little to change the character of the Labor Committees. Both are still lopsidedly prounion and antimanagement. The ranking committee members from both parties are strongly backed by unions, and there is little chance of a conservative coalition that could sway either group.

The removal of Rep. Adam Clayton Powell as chairman of the House Committee had little effect in this regard. His replacement, Rep. Carl D. Perkins of Kentucky, is generally regarded as a "friend of labor."

Only three full-fledged conservatives have returned to the House Education and Labor Committee. They are Republicans John N. Erlenborn of Illinois, John M. Ashbrook of Ohio and Edward J. Gurney of Florida.

The only other returning Southerner on the Committee is Democrat Sam M. Gibbons, a liberal from Tampa, Fla.

The top 12 ranking Democrats on the House Labor Committee are rated from 92 to 100 by COPE, the political arm of the AFL-CIO. COPE rates Congressmen from 0 to 100 according to how well they follow AFL-CIO wants.

The most conservative members of the Senate Labor and Public Welfare Committee are Republicans Peter H. Dominick of Colorado, George Murphy of California, Paul J. Fannin of Arizona and Robert

New Republican strength in the House is cause for concern for these two Democratic leaders, Speaker John McCormack of Massachusetts, right, and House Majority Leader Carl Albert of Oklahoma. Subject of much debate is how much of LBJ's "guns and butter" program they can get through this more conservative Congress.



WHO'S REALLY RUNNING NEW CONGRESS

continued

P. Griffin of Michigan. They average 7 points with COPE.

Lined against them in the Senate Committee are Democrats who average 94 on the COPE scale. The ranking Republican on the Committee, Jacob Javits of New York, has an 86 COPE rating.

"The union pushes the button and they vote just like falling dominoes," says one close observer of the Senate Committee. "Much of the time they don't really know what the bills are all about."

Even more disappointing to management hopes of bringing about labor law reform in this session is the fact that the labor subcommittee is chaired by Ralph W. Yarborough of Texas. Sporting a COPE rating of 88, he has a history of refusing to hold hearings on bills unions don't like. Similar opposition in the House Committee is thrown up by New Jersey Democrat Frank Thompson Jr. (COPE, 100).

Even though the committee cards remain stacked in their favor, unions generally will be fighting a more defensive battle on the Hill this session since voters in the fall election sliced into union strength in Congress.

Some think the real sleeper for businessmen in this session's labor legislation will be efforts to expand federal control over employee welfare and pension plans. Some 90 per cent of the plans are now operated and controlled by employers. The rest are controlled solely by unions or jointly by unions and employers.

The Senate Banking and Cur-

rency Committee, with powers over financial institutions, federal financing and expanding housing programs, is now headed by Sen. John Sparkman of Alabama, who told NATION'S BUSINESS:

"I'm going to take Mike Mansfield up on his proposals" and take a hard look at existing programs.

"I don't feel that we should expect a great deal of new legislation."

This is significant in view of his own record as author of federal programs for farmers, veterans, the elderly and physically handicapped, as well as key small business and housing legislation.

Sen. Sparkman sees "not even a remote possibility of economic controls."

Author of much major housing legislation since World War II, he nevertheless has grave reservations about the Administration's Demonstration Cities program.

"There is entirely too much power lodged in the federal government—in one man, the Secretary of Housing and Urban Development," he says.

Banking and Currency on the House side will continue under the same chairman, Wright Patman of Texas, long-time foe of high interest rates and critic of the Federal Reserve.

A maverick to watch

A Senator known as an economic maverick heads the Joint House-Senate Economic Committee. He is William Proxmire of Wisconsin.

He opposed the seven per cent investment credit when enacted and opposed its suspension last fall.

Similarly, he opposed the 1964 tax cut and now opposes any increase.

The Senator argues that his position has remained consistent, dictated by prevailing economic conditions and a conviction that "it's a mistake to fool around with the tax structure."

No foe of economy in government, he has consistently criticized waste.

Though it can produce no legislation itself, the Joint Committee has strong impact on future legislation through its hearings and studies.

Sen. Proxmire recalls that hearings in 1959 helped promote acceptance of the so-called New Economics underlying the tax cut of 1964, for example. Others trace the Area Redevelopment Act of 1961 to Joint Committee studies of depressed areas in 1955.

"The Committee calendar gives some idea of what to expect. First, its six- to eight-week consideration of the President's Economic Report may well touch the sensitive area of the Administration's wage-price guidelines.

Next comes exploration of the Chinese economy, with implications for the nation's Southeast Asian policy, followed by the controversial issue of pension plans.

Examination of the balance of payments problem could air the sticky subject of discouraging investment abroad.

Another controversial possibility is examination of proposals to share federal tax revenues with the states on a bloc grant or no-strings-attached basis, as opposed to the present system of grants for specific projects or programs.

Sen. Proxmire recalls that he pro-



Senate Commerce Committee is run by veteran legislator, Sen. Warren Magnuson of Washington. Magnuson, left, will concentrate on consumer protection laws.

Rep. William Colmer, D-Miss., right, is new chairman of House Rules Committee. He weathered liberals' attempt to deprive him of his potent committee post.



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2. To keep you in top condition — to give you the drive and power of a trained athlete beyond your seventies . . . and

3. To give you every possible chance of continuing in this vibrant good health till ninety, and more.

The methods this program uses to achieve these goals are equally simple — and, again, surprisingly gentle. They are:

1. A series of one-or-two minute-a-day exercises for your face — designed to combat premature wrinkles and restore the smooth, sharp outlines of youth.

2. A direct attack on the stored-up emotional poisons in your body that eat away strength and youth like internal acid. This attack on these poisons consists of a series of exhilarating new exercises which take as little as three minutes a day — half of which time you spend resting.

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This, then, is the look-younger, feel-better, live longer program that you can prove to yourself — beyond doubt — without risking a penny. Now let us look at its medical background, and the specific day-by-day benefits it is designed to give you:

Written by One of America's Foremost Physicians,
It Opens Up Whole New Worlds of Prolonged Youth,
Health and Vitality — Past 90 — that You May
Never Have Dreamed Existed Before.

The fascinating new volume which gives you these benefits is titled: *How to Stay Young All Your Life*. It is the result of fifteen years of meticulous research, and three additional years of intensive writing and re-writing. It is so completely up-to-date that some of the principles revealed in it were not discovered until a few short months ago.

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To gain its wonder-working benefits in every area of your life—immediately, starting within five short minutes after you pick it up—there is absolutely no need to *STUDY* this revolutionary new book, or read it from cover to cover, or even to expend any more "literary" effort on your part other than to browse through it at your leisure for ten thrilling minutes a day!

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Place it on your bedstead, entirely at our risk, for ten days! Read through just a few pages every night before you retire! Browse around if you like! Notice especially the wonder-working Three Minute Rest Exercise on page 120 . . . the thrilling Fat Breaking Secret on page 139, and much more.

See for yourself that every page is crammed full of practical, down-to-earth, easy-to-understand knowledge that you can put to work for you right on the spot! See for yourself that here at last is authoritative medical information that **WORKS**—and that's yours for just a few short minutes a day — without brain-racking study, without torturous memorization! Prove it yourself, entirely at our risk!

Its author is Clement G. Martin, M.D., F.A.C.S., F.A.C.N. As you may know, Dr. Martin is former medical director of two of the largest insurance companies in the United States, where he specialized in geriatric research—the science of prolonging youth, strength, health and life—far beyond their present limits.

Over eight years ago, in conjunction with his state medical society, Dr. Martin published a pamphlet based on this research. The response was so overwhelming that he then expanded this information into a book—called *How to Live to be 100*—which immediately soared to the top of the best-seller lists, and sold over 100,000 hard-cover copies in the first two years alone.

But now medical science has gone beyond mere longevity alone! Now it is possible—not only to add up to twenty or thirty or forty more healthy years to your life . . . not only to help you ward off the diseases of middle and old age that cripple your friends . . . but, in case after case, to actually restore the appearance and energy and bursting vitality and strength of youth itself to your body—and maintain that youthful drive and appearance for past your seventies and eighties!

All the Myths About "Old Age"—Shattered at Last.

This new book, therefore, begins immediately with case histories that prove this fact beyond doubt. In the first few pages alone, you are introduced to:

The American "town without heart disease." Where the inhabitants eat too much, enjoy food that's "rich" in every sense of the term, are overweight, party around, stay up late—but simply don't have heart attacks. (The reason why will astound you.)

The 101-year-old monk, who still eats mountains of spaghetti, washes it down with wine, and loves his sweets.

The amazing French beauty who first invented exercises to preserve the look of youthfulness in the human face. Men worshipped her at eighty. Her figure and her face were as dazzling at 79 as they were at 19. She died, still outwardly in the bloom of youth, past 90.

The American businessman who watched his body become prematurely old and finally collapse of ill health at the age of 50. Who decided to rejuvenate himself though he could hardly stand, through a scientific study of longevity. By the time he was 73 he had regained his youth—his face as smooth, his body as slim and hard as a youngster's. Photographs in this book prove these statements beyond doubt—see them yourself!

The Russian report on a man who lived to be 161, and fathered his last child at 104.

And much, much more. Probably the most fascinating reading of your entire life. But it's only the prologue to the real meat of this revolutionary new book: prove these statements beyond doubt—see them restoring principles learned in this world-wide medical research are put to work—instantly—for you. To give your results, literally overnight, that will have your friends begging you to tell them the secret!

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**What is the price of Renewed Youth and Vitality?
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WHO'S REALLY RUNNING THE NEW CONGRESS

continued

posed a system of bloc grants for education in 1954. Others, including Walter Heller, former chairman of the Council of Economic Advisers, have made broader proposals now embraced by many mayors and governors of both political parties and Republicans on Capitol Hill.

Line-up in House

A great deal of power in the House rests, of course, with Speaker John McCormack of Massachusetts and Majority Leader Carl Albert of Oklahoma.

Rep. Albert has recuperated from a heart attack that felled him during the closing days of the Eighty-ninth Congress. But he has taken his doctor's advice to follow the same kind of "cut the nonessentials" regime that Lyndon Johnson did after his heart attack when he was Senate Leader.

The chairmen of all the House Committees are powerful in their own right.

The new Rules Committee Chairman, William Colmer of Mississippi, is by no stretch of the imagination another Howard Smith (who was defeated in last year's primary).

True, the 82 Southern Democrats in the new House are expected to vote more conservatively than before, but the conservatives are without the leadership of a man of Rep. Smith's stripe. There is some talk that the leadership reins might fall to one or more Southerners such as Omar Burleson of Texas or Joe Waggoner of Louisiana though he's only in his third term.

Whether a working coalition will be restored between Republicans and Southern Democrats remains to be seen. House G.O.P. Leader Gerald Ford of Michigan seems cool toward the idea for two reasons:

- The House Republican leadership wants to pursue a course of positive alternatives.
- It feels the South is fertile ground for additional G.O.P. gains and sees no advantage in an alliance with Southern Democrats.

Rep. Chet Holifield, second ranking Democrat on Government Operations and alternating chairman of the Joint Atomic Energy Committee is also highly respected for his views as are John A. Blatnik of Minnesota on the Public Works Committee and Texas' Jim Wright.

Texas picked up its fifth House committee chairmanship when W.R. (Bob) Poage of Waco moved into the top spot on the Agriculture

Committee with the defeat of 32-year veteran Harold Cooley of North Carolina.

To some, this means cotton will replace tobacco as the No. 1 crop on the government hit parade, since a cotton Congressman will be wielding the gavel instead of a tobacco-land man.

But a veteran member of the committee laughs and says, "Old Bob's been around here 30 years already and he hasn't done so bad standing up against the boll weevil."

Rep. Poage can be expected to see that more sympathetic treatment is given to programs he helped write as a young Congressman in the New Deal days, particularly rural electrification.

He backed his own version of an administration plan that failed last session to establish an REA bank, capitalized with government funds. The plan would have allowed REA's to borrow up to \$100 million in the private money market instead of depending upon Congressional appropriations for expansion funds.

Sen. Allen J. Ellender's Senate Agriculture Committee remains about the same.

There will be little major farm legislation in this session. But the committees will have to authorize funds for the government's food stamp program. There is little indication of any desire to chop this welfare measure off or even curtail it.

The draft and veterans

The biggest single piece of legislation the Armed Services Committees will have is extension of the draft law. Before they get to this, they'll grill Secretary of Defense Robert S. McNamara when he comes up to justify the President's supplemental money request to finance the war in Viet Nam.

Mr. McNamara will get the money, but he's also going to get hit with a barrage of critical questions on the shortage of pilots, the shortage of aircraft for them to fly and past foot-dragging over building an antimissile missile system, especially since the Soviets seem to be going ahead on one.

Any revision of the draft law will likely be in line with what Rep. Rivers proposed: Formalizing the drafting of younger men first, not the older ones, and some sort of uniform deferment standards.

The new session may not occupy itself as much with foreign relations,

Chairman Fulbright of the Senate Foreign Relations Committee is expected to continue his attack on Administration policy in Viet Nam and his disagreement, sometimes serious, with the State Department's general thrust. The Senator is expected to try again to establish a better listening and observation post in CIA affairs.

With no major civil rights legislation expected, the Judiciary Committees of Sen. James O. Eastland of Mississippi and Rep. Emanuel Celler of New York aren't figured to touch off any major fireworks.

The Post Office and Civil Service units under Sen. Monroney and new House Chairman Rep. Thaddeus J. Dulski of New York, will likely act on a federal pay raise bill of some sort as well as a postal rate increase.

Sen. Edward Long of Missouri is expected to continue making news with his judiciary subcommittee investigation of federal snooping and bugging practices while Bobby Kennedy was Attorney General.

It's a safe bet there will be many Congressional investigations and that the Government Operations Committee of Sen. McClellan and Rep. William L. Dawson of Illinois will do their share.

But there are no blockbusters on the horizon such as the old crime-probing sessions. Most of what will be done will come from the subcommittees, for example, the new Senate subcommittee on consumer affairs.

Much will depend on what type of legislative review actually comes to pass. **END**

MONDAY HOLIDAYS

continued from page 68

has my very strong support," he observes. "It would be very beneficial to business."

Another executive, A. W. Baird, vice president of The Travelers Insurance Cos., says his firm seeks constantly to work out three-day holidays when it doesn't interfere with corporate business. "We think we get more mileage out of our employees in this way," he explains.

Travelers, incidentally, abolished Veterans' Day as a holiday in favor of the Friday after Thanksgiving.

Ernest Henderson III, president of the Sheraton Corp of America, feels considerable lodging business is lost when holidays fall in the

middle of the week. "The businessman and the vacationer both stay home and literally the entire week is lost if the holiday falls on either Tuesday, Wednesday or Thursday," he observes.

"If holidays were on Monday we could give our customers better service at a lower cost."

Opponents views

On the other side of the coin, a warehouseman in Rapid City, S. Dak., sees problems emerging from three-day holidays. He says:

"We run a public warehouse. Our customers come and give no notice. We cannot plan our output. Carloads and trucks come to our docks at customers' whim. This would peak Tuesdays beyond dock capacity."

To a Salt Lake City businessman the vest-pocket vacation makes sense from an economic standpoint but he fears what it would do to highway travel. Noting that 56 per cent of traffic fatalities occurred on weekends in 1965, he asserts: "To add another day to the weekend seems almost suicidal."

A North Carolina furniture manufacturer minces no words: "We think this makes about as much sense as starting the movement to have all women wear pants and all men to wear dresses. These folks in Washington are changing all our ways of life enough without giving them further ideas."

And this from the partner in an Ohio incubator company, "Why do we have to cook up occasions to celebrate just so we can get off work? Does it salve our conscience? If most of us would work as hard at working as we do to get out of work we might honestly earn the right to a few holidays and our salaries."

A Detroit businessman understandably can't work out a production schedule in advance. Hence, he says, Monday holidays would "make our services 'gang up' from Saturday noon to Tuesday and create a tremendous problem." He operates a funeral home.

Newspaper response to the National Chamber's findings, however, has been generally favorable.

The St. Paul (Minn.) Pioneer Times, as one example, comments: "Aside from reluctance to break with old habits, about the only argument against uniform weekend holidays is the fact that they would encourage more automobile travel and this could mean more traffic accidents. Whether this is a sufficient liability to offset the advantages is doubtful."

END

TARGET:



This year Washington, D.C., will play host to more than 500 national meetings and conventions. They will cover a wide range of subjects—from agriculture to zoning. However, topping them all in importance to business and professional men, will be the 55th Annual Meeting of the Chamber of Commerce of the United States.

Consider this an invitation to attend. The program will bring into sharp focus the trends, the vital issues, and the problems facing the business community and the nation in the months and years ahead. Top leaders in business and government will alert you to the challenges that lie ahead and suggest sound solutions to them. Action will be the keynote.

The dates . . . April 30-May 3, 1967. For further information write: Your local chamber of commerce or Chamber of Commerce of the United States of America, 1615 H Street, N.W., Washington, D.C. 20006.



PETE PROGRESS

Speaking for the voluntary organizations in your community

Where businessmen gave

A story of dedication, contribution, leadership that built a new center of learning from the ground up



Scottsbluff didn't wait until it had a new campus to start teaching. It began with store-front classrooms, top-floor offices and even bought a downtown hotel for a dormitory.

their community a future

American values are still alive in Scottsbluff, Nebr.

So when the town's businessmen decided they must have a college to fill an education need and to strengthen and diversify their economy, they naturally saw it was up to them to build one.

That's just what this city of 15,000 along the Oregon and Mormon Trails is doing.

Three years ago, Scottsbluff had only a two-year public junior college that wasn't paying its way. Since then, businessmen have poured time and money into The Hiram Scott College, a four-year liberal arts institution, developed at a hectic pace, but a model of efficiency.

While the government in Washington has enacted a new law authorizing \$3.5 billion in federal aid to erect all sorts of college facilities, this independent-thinking plains community is showing that if a city wants something enough, its own leadership and resources can largely meet the need.

The project really got started three winters ago when a group of about 60 business and professional people decided to incorporate themselves into a College Development Committee, Inc. Some had been disappointed in earlier attempts to bolster the junior college's financing.

Was a private college really what the community needed or could afford? Most of the incorporators



Unpainted lumber and cinder blocks served as bookshelves in a downtown room until the new library opened. Dr. C. N. Sorensen (below) and other civic leaders are turning dreams to reality as classrooms sprout in a cornfield.





"Never before had I had the thrill of seeing something built from scratch," says College President Marinaccio (right).

plunked down \$1,000 apiece to finance studies to find out.

Dr. C. N. Sorensen, radiologist at West Nebraska General Hospital and Goshen County Memorial Hospital, was named chairman of the corporation. Reflecting back on those early development meetings, one participant says, "Dr. Sorensen had the conceptual skill and the ability to convey his ideas to others."

H. D. Kosman, president of the Scottsbluff National Bank, admits he was one of those who "really had to be sold." Once sold, Mr. Kosman enthusiastically backed the project.

Alan H. Williams, nattily dressed owner of a well-stocked apparel store, remembers the decision to go ahead with a college this way.

"We had been looking for ways to raise our economic level. The college was a natural—a depression-proof business."

Dwayne Kizzier, a young automobile and truck dealer, tells NATION'S BUSINESS, "We didn't want an industry that would bring a big boom followed by a bust. We feel the college, together with our agriculture, retailing and light manufacturing, will provide us a balanced, growing economy."

Others recall that for years the town's biggest export had been some of its brightest young people.

Dig into own pockets

In the autumn of 1964 the organizers sold themselves and local banks \$300,000 of mortgage bonds so they could buy 278 acres of farm land a mile outside of town for the college site. Then began the search for a college administrator.

It ended in February, 1965, with the selection of Dr. Anthony Marinaccio, a Yale graduate with more than 30 years experience as an educator and school administrator. Energetic Dr. Marinaccio would be the college president. At the same time, the college was chartered and the development corporation became the college's board of trustees, with Dr. Sorensen as chairman.

It was in that same month in 1965 that Dr. Marinaccio and the trustees reached a daring decision: Classes would start the following October. All the school had at this point was a president, a board of trustees, a name (taken from a brave fur trapper of bygone days), and 278 acres of corn fields. It had no money, no buildings, no faculty, no curricula and no students.

The events that followed show how Dr. Marinaccio and a dedicated business community worked frantically together to make the October target.

Dr. Marinaccio began at once to recruit his staff. As vice president for business affairs, he chose Robert E. Sandberg, who had served in the same capacity at Parsons College in Fairfield, Iowa. Before that, he'd had a dozen years of corporate management experience.

Then Dr. Marinaccio was able to attract a faculty, the quality of which amazed and pleased the townspeople.

Meantime, a local construction company, Wiedeman Brothers, Inc., broke ground for the school's first dormitory. To pay for the dorm, the local businessmen again dug deeply into their pockets or gave their personal credit to the tune of \$650,000.

"Up to this point," remembers one local businessman, "all we had was our enthusiasm and Tony Marinaccio's word that he'd have 500 kids here in the fall."

The college opened up recruiting offices, one of them on 42nd Street in New York across from Grand Central Station, and Dr. Marinaccio went on a speaking tour to attract students.

Hiram Scott College wasn't aiming for the top two per cent of the nation's high school graduates. "We wanted the average student—the student with potential but who, because of overcrowded conditions, was having difficulty getting into college. He's entitled to a chance," says Dr. Marinaccio.

Opening on faith

The college leased the top two floors of the four-story Consumers Building in downtown Scottsbluff for make-do classrooms and administrative and faculty offices. "We decided we'd go first-class and have a red carpet in the president's office," Bob Sandberg relates.

As needs and hopes expanded, the college had to rent more space in town. Atop one store it partitioned off a number of faculty offices. Across the street, it rented an entire vacant store and converted it to a lecture hall.

The dormitory abuilding in the cornfield would house 365 students. But Dr. Marinaccio had promised 500; so additional living space had to be found. The weekend before

The Guys in the Da Nang patrol

Now the time is near. Men in the chopper
are counting the seconds.
17 of them. Dressed in green dungarees,
soaked black in sweat.
No wisecracks. No horseplay.
Any minute now they'll hit the landing zone.
And head for the jungle.
The chopper will lift. And they'll be alone.
They're the guys in the Da Nang patrol.

★ ★ ★

Ten thousand miles around the world,
there are people who call them sucker.
People who hope they'll give up.
Quit. Go AWOL.
But they won't.
They care. Enough so 9 out of 10 men in the
outfit put cash into U.S. Savings Bonds.
To help pay the bill.
They're the guys in the Da Nang patrol.

★ ★ ★

The next time they hit the landing zone,
will you be with them?
Do you care enough to get in there and
pitch the best way you can?
Make no mistake.
These guys in the Da Nang patrol will
hit the landing zone anyway.
Maybe you'll stand a little straighter,
walk a bit taller — knowing you're
with them all the way.



U. S. Savings Bonds



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**You don't
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Our running improvements keep us out front.

Improvements like what? Like designing a SuperVan with a whopping 38 extra cubic feet of useful cargo space—while keeping the same tight 37' turning circle as our regular Van.

But that's only the beginning. You benefit from six years of product improvements. More powerful engines

up to 240 cu. in., heavy-duty clutches, stronger bumpers. They cover everything from stronger floor to reinforced roof. And 1967 features make Econoline an even better buy. A new SelectShift Cruise-O-Matic transmission allows you to choose complete manual or fully automatic shifting

to suit your need. A dual hydraulic brake system is standard.

These are only a few of over 50 running improvements in our new Econoline series. See your Ford dealer for America's best (and best selling!) vans.



FORD ECONOLINE

VAN AND SUPERVAN

BOTH TURN
IN THE SAME
37' CIRCLE



the students arrived, businessmen hastily formed another private corporation and bought the newly refurbished Town Park Hotel.

Meantime, the businessmen began a fund drive that was to bring in \$700,000 in outright gifts from themselves and other townspeople. This money is being used to help finance construction of a library-science building, now nearly complete.

If the college was to make a go of it financially, its meager facilities would have to be used to the fullest. It was decided to run the college on a trimester basis. This fits another semester into the summer months to make it a year-round enterprise.

Classes were scheduled tightly to make most efficient use of all facilities. "We don't ever want to have a room that's used for just one subject and then left vacant the rest of the day," says Mr. Sandberg.

In addition to its economy for the school, the trimester system has student appeal. Very bright students, by taking a maximum load of credits each trimester, can graduate from Hiram Scott with a bachelor's degree in two and two thirds years. And the slower student can take fewer courses each trimester than he would at a semester-operated school and still finish in four years.

There's another advantage for the student who also wants to hold down a paying job. He can go to school in the summer while other high school and college students are flooding the job market and wait until fall or winter to work.

The college also employs team teaching. This means that for many of its courses a Ph. D. lectures to a large group of students. Then that lecture group is broken off into smaller discussion groups, led by instructors with master's and bachelor's degrees. And finally, tutors are available to the individual students at no additional costs.

In the black from the start

Hiram Scott College opened its doors in October 1965, and Dr. Marinaccio's promise of 500 students was exceeded by 28. But how was a college without tax revenue, government aid and endowment going to make it? On top of this, Dr. Marinaccio had offered higher-than-average salaries to attract a top-notch faculty.

The college did make it, paying

all current expenses from current income, and having \$69,000 left over after that first trimester to pay interest and principal on its capital debt.

Enrollment for the second trimester, which began in February 1966, rose to 620, and the college finished that session with all current expenses paid and more than \$100,000 left to pay principal and interest.

College officials fretted about their first summer trimester. Says Dr. Marinaccio, "We were worried that because of the traditional summer vacation we'd have trouble getting the 350 students we needed to cover expenses. Instead we got 476."

It's true that Hiram Scott applied for and is receiving federal help in building its library-science complex. But that's all the outside help it's getting. Townspeople are dedicated to keeping their college private. And unlike some other colleges, which turn first to Uncle Sam for help, Hiram Scott's backers time and again have met their needs locally.

"Financing's going to be a bit easier from here on out," says Millard Yost, the slim, middle-aged owner of a hardware store and former president of the town's Chamber of Commerce. "Now that we've established a financial history, we should be able to sell our bonds in eastern and other private money markets."

"We're determined that the student should bear the cost of his education; we're against subsidies," says Mr. Sandberg. The college's trimester charge of \$765 for tuition, room and board puts it well below what many other private colleges charge per semester.

Students nearly triple

Last autumn, enrollment spurted to 1,400, nearly three times what it was only a year before. The college had planned to have the needed housing available, but labor difficulties slowed work on a new quadrangle of dormitories.

To make do the first month or so, the college erected a structural steel building in just three weeks that sleeps 300. Scottsbluff families took the remaining 200 unhoused young people into their homes until the dorm was ready.

In keeping with the school's policy of using everything to its fullest, the steel building will become a recreation hall now that the students have moved into the dormi-

tory. "And once we can afford a more handsome student activities building, we'll probably use our steel building for storage," adds Mr. Sandberg.

A little more than a year after opening, none of the town's enthusiasm has ebbed. Now there's a new ingredient: Pride.

"I'm prouder of this than anything I've ever done," remarks Jim Massey, a spectacled, 38-year-old insurance man who, from the beginning has contributed both time and money. "I get a kick out of just loading our kids in the convertible and driving out to the campus every couple of days to see the construction."

Harry Lichter, the owner of a furniture manufacturing concern and current president of Scottsbluff's Chamber of Commerce, echoes Jim's sentiment: "I wouldn't trade my involvement in this project for anything in the world."

Educational facilities, of course, are one of the plus features looked for when industry is plantsite searching.

The campus is beginning to take shape now.

The library-science building is nearly finished, as are the dormitories next to it.

The businessmen's enthusiasm about the college is matched by that of the faculty and students.

Challenge of a fresh start

Dr. Joseph Hichar's sentiments represent pretty well those of the faculty as a whole. Sitting at a cluttered desk beneath a monstrous looking oil painting that he says represents cellular activity, biologist Hichar says he came to Scottsbluff because of the "challenge of being in on the building of a college from the ground up."

"We're unencumbered by traditions here; we can teach the way we believe is best, not necessarily the way a committee deemed best years ago."

Joe Hichar, who earned his doctorate from Harvard in 1958, is also Hiram Scott's vice president for academic affairs.

Students also have caught the fever of enthusiasm over their new college, despite the temporary inconveniences.

Chic Renner, a crew-cut, 21-year-old native of Pekin, Ill., transferred to Hiram Scott from a university in his home state "where I was nothing but a number. I was intrigued by the idea of a new col-

ACTION FOR AMERICA'S FUTURE

1967 will mark a turning point in national affairs.

The drift has been toward increasing federal control. But public opinion is now leaning in the other direction.

People today have misgivings about the wisdom of more and more centralized planning, spending and coercion.

Even Congress itself is beginning to wonder if it did not go too far in enacting so much generalized social legislation so hurriedly.

The prospect of seeing a turning point is encouraging, but it is no sure guarantee of America's future.

What It Takes

America's future still depends on what you and other responsible citizens DO to solve the nation's economic and social problems, and thus to make it unnecessary for the government to try to carry the full load.

And the more you know about what needs to be done—and how to do it—the better equipped you will be to help.

This is one reason you should plan to attend the National Chamber's Annual Meeting in Washington, April 30-May 3.

The speakers at this Annual Meeting will be top national figures in business and government. Worth hearing.

The enlightened action that comes out of this Annual Meeting will make a difference in America's future. And the ideas, information and inspiration which you get out of this meeting will make a difference, we believe, in your own future.

Your friends will be here. Make your reservation early.

lege and anxious to get in on the ground floor and make it a success," he tells NATION'S BUSINESS.

Chic is editor of the college's student newspaper. He met his wife in Scottsbluff and hopes to teach in the community's secondary schools after he graduates.

One after another of the students say they like the team-teaching method, the trimester concept and the rapport between students and faculty and administration.

"And the people in this town are so friendly," grins 21-year-old student government president Don Kuhl, "they've got me in the habit of waving or saying hello to people I don't know."

Students from 39 states and the District of Columbia attended Hiram Scott during the trimester just ended.

A boom to business

Already the college is bolstering the town's economy in a major way, just as local businessmen knew it would. An ultraconservative estimate by Bob Sandberg puts the combined total of college and student spending in the town last school year at \$2.3 million. This school year, he conservatively estimates the total will rise to \$3.5 million.

Chamber President Harry Lichter puts it this way: "I just don't know of any other industry that would serve us better." He tells past stories of trying to get college-trained help at his factory. "I simply couldn't get the young men I needed. A college like this is going to solve my hiring problems and those of other area businesses."

Scottsbluff, founded in 1900 and Nebraska's newest city, has never

allowed itself to deteriorate. Its farmers irrigated the land long before federally sponsored reclamation was born. And its downtown serves as the shopping center for customers in a 70-mile radius that stretches well into Wyoming.

Formation of the college has had a lot to do with brightening the face of the town, too.

Auto dealer Dwayne Kizzier recently expanded to a handsome new showroom and service facility. "I really had not made up my mind until we decided on

the college," he recalls.

Lots of store fronts have recently been dressed up, too. And Mr. Kosman, the Scottsbluff bank president, says the college campus settled his question of where to locate an affiliate bank.

But building a college and expanding their businesses hasn't kept these energetic Nebraskans from pursuing other civic responsibilities. Recently they've built a modern new hospital and acquired a site for an industrial park on the outskirts of the city. **END**

WASHINGTON HIDES TRUTH IN LENDING

continued from page 38

other appropriate facilities to further the aims of the organization."

Credit unions are big business—no doubt about it. There are more than 22,000 operating in the United States, up from about 17,000, 10 years ago. They have about 17 million members, nearly double the amount 10 years before, and at the end of 1965 they had assets of more than \$10.6 billion and loans outstanding of about \$8.2 billion.

They have a blanket tax exemption, extending even to interest they receive from their investments in private savings and loan association shares and government securities.

Now credit unions are ambitiously staking out new territory. CUNA International, Inc., the international association in which most credit unions are members, gives this description of what it's trying to accomplish:

"Although the number of credit unions grows each year, credit union people believe their job has only

begun. In the United States alone, only about half of the potential members actually belong to credit unions and many members use their credit unions for only part of their savings and credit needs."

Bankers aren't against credit unions, as such. "There is no question that credit unions in poverty area programs can do a vital job," says George Gustafson, secretary of the American Bankers Assn.'s Committee on Credit Unions.

But many of them become wary when they see a credit union nearly abandon the common bond requirement.

Once the common bond is breached, bankers warn, the credit union becomes a commercial banking institution that is tax-exempt, has no federal deposit insurance guarantee and is excused from meeting the myriad of tight regulations banks adhere to.

Add to this expansion the federal subsidization of credit unions. The Office of Economic Opportunity says it issued 16 grants totaling \$643,974 in fiscal year 1966 for development of credit unions in low-income areas.

The District of Columbia already has nine federally funded credit unions serving low-income people. The United Planning Organization, which runs the poverty war in Washington for the OEO, has assigned about \$25,000 of federal funds per year to each of the nine, or about \$225,000 total. This money goes for rent, salaries, equipment and other operating expenses.

You may think it's ironic that the federal government is encouraging new savings mechanisms among people it says are so poor they have

Site seeking in the Southwest? Consider MIDLAND, TEXAS



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communities in North Central and West Texas to Area Development Department, Texas Electric Service Company, P. O. Box 970, Fort Worth, Texas.



to get handouts. But one UPO worker is "abundantly impressed with the ability of these people to save small amounts."

And there's no doubt that the heavily subsidized credit unions are expanding rapidly. Two years ago, prior to federal funding, there were two neighborhood credit unions in the District with total assets of \$14,763 and 349 members. As of last Nov. 30, assets of the nine credit unions totaled \$227,134 and membership had ballooned to 5,613.

Tax money for "Moneywise"

Still, the Bureau of Federal Credit Unions chose Washington as one of the cities for its "Project Moneywise" course that's financed by a \$125,000 OEO grant.

The course is held for officials of credit unions operating in depressed areas, for staff members of community action groups and for potential leaders of new credit unions. The Washington version drew participants from Maryland, the District and Virginia.

Other four-week sessions have been held in Boston, New York, Los Angeles and Chicago. A sixth one is winding up in New Orleans.

Expenses of the enrollees are paid. Professional poverty workers get their full pay while attending the course, and other government workers who take part are given leave from their jobs.

To get a clear picture of how credit unions are being fostered for low-income areas, a *NATION'S BUSINESS* editor sat in on sessions of the Project Moneywise course in Washington. Here officials and instructors seemed inclined to tell only part of the credit union story.

At the opening session, the new students listened to Mrs. Esther Peterson, the President's consumer specialist, warmly remind them that "one of the ironies of our society is that the poor often pay more." She assured them that through credit unions "you'll be able to provide your neighbors a safe place to save." She didn't mention that credit union deposits aren't insured as are bank deposits.

The trainees were told by Bernard McCusky, regional director of the Department of Health, Education, and Welfare, that "our whole economy is geared to serving the comfortable middle class," and that "we at HEW [of which the Bureau of Federal Credit Unions is a part] are dedicated to bringing help to those of limited income."

Morris Dewberry, regional assistant commissioner of social security,

spoke of "breaking the chain of poverty" with Project Moneywise. A credit union, he said, is a place where you can save small amounts, where you can borrow at a "reasonable" rate of interest. Of course, he didn't mention the fact that banks and savings and loan institutions offer these and other services.

While credit unions can pay dividends up to six per cent annually (more than banks are allowed to pay) and some of the bigger, more prosperous ones pay close to that amount, many in low-income areas never have paid a dividend. In fact, in 1965 about 70 per cent of all federal credit unions with assets of less than \$10,000 paid no dividend.

Some do fail and some return less than the amount saved. In 1965, 30 federal credit unions with shares of \$682,825 liquidated at a loss to members. Of these, 19 were in the under \$5,000 category.

One of the course instructors told *NATION'S BUSINESS* that a bank, with its high ceilings and marble halls, is a formidable, frightening object to the poor. If so, there was no attempt made during the classes to diminish the fear—just to sell the trainees on the credit union alternative.

Also at the opening session, William O'Brien, a Bostonian who is Project Moneywise program director, said, "We all know the poor fellow who has the least money pays the most."

Certainly slum neighborhoods have their share of gypsters. But there are also merchants who for years have extended interest-free credit to the poor, and who have put up with frequent robberies and vandalism. And they are the bigger part of the low-income marketplace, the place that Project Moneywise instructors say the credit union should lift people out of.

Next the students were launched on a comparative shopping trip to price television sets and suites of furniture. They'd already gotten the word that the trip would absolutely prove "that the poor are being victimized."

"Are you angry?"

Some did return with reports of widely varying prices, high interest rates and carrying charges. But others came back with stories of how courteously they were treated. These were told this is merely part of the "treatment" used to trick the poor into installment buying.

"Are you angry?" one of the instructors asked. "If you aren't,

you should be," he hastily added.

Without really looking angry, most of the trainees nodded their heads.

But Mrs. Vivian Meyer, a well-educated, middle-aged woman on leave with pay from the National Security Agency, said, "No. It was a marvelous experience."

She was pleasantly surprised by the quality of the furniture she priced and the candidness of the salesperson about the conditions for establishing credit.

Mrs. Meyer apologized to the instructor. "What I think you'd like me to say, I can't."

OEO chief, R. Sargent Shriver, presented diplomas at the end of the course.

As newsreel cameras whirled and klieg lights glared, Mr. Shriver gave a Knute Rockne-type pep talk:

"Human greed is a terrible and pervasive disease of humanity. It works against those least able to withstand the greed. Yet through credit unions it is possible to build up the strength of the poor so they can withstand the force of this greed."

Talks with Project Moneywise participants after graduation produced gratitude at having been exposed to the course but less than total confidence that they were well trained enough to go out and successfully run a credit union.

Those in the banking community who have graduated from college and had years of specialized professional training no doubt can sympathize with this concern.

Meantime, the Bureau of Federal Credit Unions boasts that a 1965 survey of selected credit unions in low-income areas showed that 18 per cent of the directors, committeemen and office employees are indigents.

By contrast, private financial institutions—not credit unions—traditionally have been the money source for community development and improvement. Says a spokesman for the American Bankers Assn., "a bank's prospects for growth are tied directly to the growth of the community it serves. It isn't like any other industry. It can't move; it's chartered to operate in one spot."

Savings and loans across the country are not only the repository for the savings of millions of Americans, they are the source of most of the mortgage money in the United States.

In community after community, private financial people are among

WASHINGTON HIDES TRUTH IN LENDING

continued

those citizens most active in civic affairs. And they've been fighting their own war on poverty—not with taxpayers' money or the salvo of press releases that characterize some of the federal endeavors, but quietly, sincerely and effectively.

Some specifics:

At a Job Corps camp 35 miles east of San Francisco the Bank of America operates a branch that loses money. It's a two-man, single-room operation, explains a Bank of America spokesman. "We don't have a vault there, just a small safe. So each night we take the safe to our Pleasanton branch, and each morning bring it back."

Why is the world's largest bank interested in running a branch that loses money?

Three reasons, says the bank spokesman, Kenneth Jones. "We want to acquaint these fellows with banking, we want to encourage thrift, and we want to provide them with a safe repository for their funds." The branch handles only savings accounts and money orders,

and does business only with the Job Corps youngsters.

Back East, the American Bankers Assn. is working with New Jersey banks to increase literacy and bolster consumer education. The ABA has been putting out a booklet called "Personal Money Management" for some years.

Among other things, the booklet explains how to use credit, how to establish it and how to set up a family budget.

Banks all across the nation have set up training programs for underprivileged youngsters. And one after another, state bankers associations have set up development funds to make sure that smaller firms moving into an area can get the credit they need.

Too, banks have been broadening their services to the individual. They've always accepted savings of any size, but more recently they've made it easier for a person of modest means to have the convenience of a checking account. Chase Manhattan Bank, the world's second larg-

est commercial bank, three years ago decided to do something about the problem of school dropouts.

So, working through the Board of Education, Chase Manhattan started its Business Experience Training (BET) program. It hired high school youths to work from two to five, five afternoons a week, with the fifth devoted to instruction in economics, business, banking and personal finances.

Chase pays these youths \$1.78 an hour for the 15 hours a week, employs them full-time over the Christmas holidays and during summer vacation, and offers them a full-time salaried job once they've finished school.

The record speaks for itself. Out of 69 graduates so far, 56 have stayed on with Chase. Many of the BET graduates are continuing their education, and the bank reimburses them for the tuition cost.

So the financial war on poverty is being fought on two fronts, one private, with highly trained professionals, and the other federally subsidized, and manned, to a large extent, with well-meaning but inexperienced amateurs. **END**

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Nation's Business Washington, D C 20006

DATE January 11, 1967

TO: Mr. Pete West
McCall Corp.

SUBJECT: Regional Advertisements
February 1967 issue

There will be four (4) regional pages in the February 1967 issue of Nation's Business

1.

Region "A" Behlen Manufacturing Co., 23 state region (1 page)

Arkansas	Kansas	New Mexico	South Dakota
California	Michigan	North Dakota	Texas
Colorado	Minnesota	Ohio	Utah
Illinois	Missouri	Oklahoma	Wisconsin
Indiana	Nebraska	Oregon	Washington
Iowa	Nevada	Pennsylvania	

Region "B" ~~Behlen~~ *Executive Institute, Inc.* 28 state region (1 page)

To include the remainder of the states not listed in Region "A"

2.

Region "C" Old Ben Coal Corp. 7 state region (1 page)

Illinois	Iowa	Michigan	Wisconsin
Indiana	Missouri	New York	

Region "D" 44 state region (1 page) Magazine Publishers Association

To include the remainder of the states not listed in Region "C"

3.

Region "E" Varco Steel, Inc. 36 state region (1 page)

Alabama	Illinois	Maine	Nebraska
Arkansas	Indiana	Maryland	New Hampshire
Connecticut	Iowa	Massachusetts	New Jersey
Delaware	Kansas	Michigan	New York
Florida	Kentucky	Minnesota	North Carolina
Georgia	Louisiana	Missouri	North Dakota
Rhode Island	Texas	West Virginia	Ohio
South Carolina	Vermont	Wisconsin	Oklahoma
Tennessee	Virginia		Pennsylvania

Region "F" U. S. Savings Bonds 15 state region (1 page)

To include the remainder of the states not listed in Region "E"

Nation's Business
Washington, D C 20006

DATE January 11, 1967

cc: Mr. Pete West
McCall Corp.

SUBJECT: Regional Advertisements (cont.)
February 1967 issue

4.

Region "G" Marine Midland Corp. 9 state region (1 page)

Connecticut	New Hampshire	Pennsylvania
Maine	New Jersey	Rhode Island
Massachusetts	New York	Vermont

Region "H" Norfolk-Hill, Ltd. 42 state region (1 page)

To include the remainder of the states not listed in Region "G"

No change will be necessary in the Advertiser's Index during the press run.

Print order will be issued at a later date.


Helen B. Holman

cc: Mr. Wooldridge
Mr. Owens
Mr. Hammer
Mrs. Ross
Miss Stebbins
Mr. Bradley



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*Copy of humorist Charley Weaver photo at left made on a leading electrostatic copier. Copy at right made on a 3M "209" Copier. Based on a comparison conducted by an independent testing laboratory.



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The Constitution provides that Congress, not the President, has the power to "lay and collect taxes."

Congress has just been attuned to public wants through November's election. Its members know the public will not want a tax increase unless more revenue is really needed after all less essential or new spending programs are slowed down, postponed or stopped.

Nation's Business • February 1967

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